

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*JUNE 30, 2005*



ELK GROVE



PARKS



RECREATION



FIRE

# CSD

Enriching Community  
Saving Lives

ELK GROVE

## COMMUNITY SERVICES DISTRICT

8820 Elk Grove Boulevard

Elk Grove, California 95624

(916) 405-7150 • (916) 685-5216 (Fax) • [www.egcsd.ca.gov](http://www.egcsd.ca.gov)

# **ELK GROVE COMMUNITY SERVICES DISTRICT**

## **STATE OF CALIFORNIA**

The Elk Grove Community Services District is the Local Government  
Provider of Fire & Emergency Services and Parks & Recreation Services

# ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Prepared by:

Donna L. Hansen, General Manager

Jeff Ramos, Chief Operating Officer

COMPREHENSIVE ANNUAL FINANCIAL REPORT

# INTRODUCTORY SECTION

ELK GROVE



PARKS



RECREATION



FIRE

# CSD

Enriching Community  
Saving Lives

ELK GROVE COMMUNITY SERVICES DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2005

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ELK GROVE COMMUNITY SERVICES DISTRICT  
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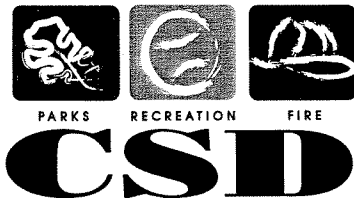
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December 9, 2005

Honorable Board of Directors  
Elk Grove Community Services District

The Comprehensive Annual Financial Report of the Elk Grove Community Services District (District) for the fiscal year ended June 30, 2005, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes this transmittal letter, a listing of the District's Board of Directors, a listing of officials, an organization chart and a copy of the 2003-2004 Certificate of Achievement for Excellence in Financial Reporting. The Financial section includes the independent auditors' report on the basic financial statements, Management's Discussion and Analysis (MD&A) of the District's overall changes in financial position, the audited basic financial statements, note disclosures and the combining and individual fund and account group financial statements and schedules to provide readers with a comprehensive understanding of the District's financial activities of the past fiscal year. This letter is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found on pages 3-10 of this report. The Statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

*THE FINANCIAL REPORTING ENTITY:* The District is a political subdivision of the State of California. The District was established under Government Code Sections 56261.1 and 56439(c) on July 1, 1985, by a reorganization resulting in the dissolution of the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District. The governing body of the District is a five-member Board of Directors elected at large to four year staggered terms. Day-to-day operations are overseen by the District's General Manager.

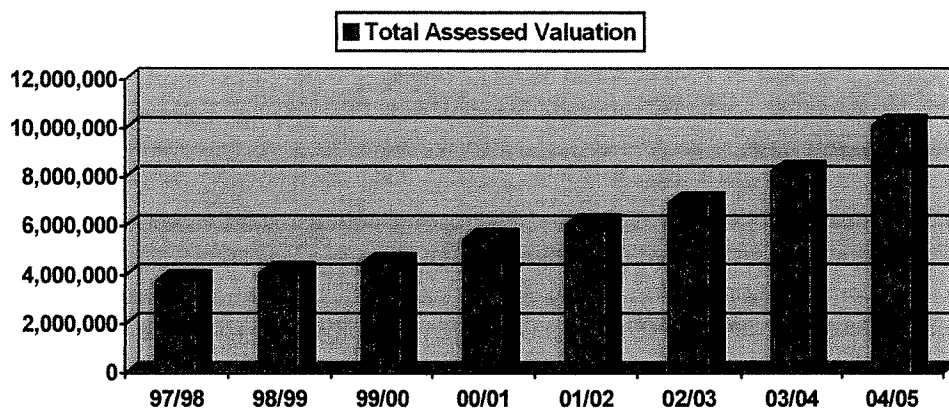
The District provides fire protection services including fire suppression, fire prevention, inspection, plan checking and public education programs and provides emergency medical services, ambulance transport, advanced life support and rescue services and; in addition, provides parks, recreation facilities and programs. The District consists of approximately 106 square miles with a population of about 130,000; operates six fire stations, one fire training facility and over eighty-five parks (nineteen undeveloped) and employs one hundred ninety-two full-time and over ninety part-time staff.

The District Wide Landscape & Lighting Assessment District, which was organized under the Landscaping and Lighting Act of 1972, operates within the District to fund some capital and all maintenance and operations of parks and is governed by the same Board of Directors. All parcels of land in the Elk Grove Community Services District are assessed at varying rates depending upon established benefit zones.

The Elk Grove Community Services District Foundation (the Foundation) was established on March 21, 1996 for the purpose of protecting lives through fire prevention educational programs, financially assisting residents who cannot afford to participate in recreational activities and beautifying the community of Elk Grove. On April 4, 1997, the Foundation was recognized as exempt under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2005, the Board consisted of five (5) Elected Directors and nine (9) Appointed Directors. The Foundation is a legally separate component unit that is reported as a nonmajor governmental fund within the basic financial statements.

## ECONOMIC OUTLOOK AND CONDITIONS

The primary funding source of District operations is property taxes. Other revenue sources include recreation fees, ambulance fees, development impact fees and various other charges for services. Due to the sustained level of resales of existing single family homes and new residential and commercial construction experienced within the District, the average annual growth in property tax revenues has approximated eighteen percent for the last several years.



The community within which the District operates continues to grow at a substantial rate with significant residential and commercial projects developing on a monthly basis. Several large residential specific plan projects and various other commercial projects are currently in the planning/development stages. In addition, the average price of resale property continues to increase. With this ongoing expansion and strong resale market, the District believes it will continue to experience growth in its property tax revenues at approximately fifteen percent for fiscal year 2005-06.

The District Wide Landscape & Lighting Assessment District's assessment fees account for approximately 12% of total revenues of the District. These fees are levied on parcels within the various benefit zones to provide funds for the maintenance, repair, replacement, services, utilities and capital improvements associated with the parks, landscape medians and corridors, parkways, lakes, open space, trails and recreation facilities.

Elk Grove is expected to have very rapid commercial, industrial, and residential growth during the next five to ten years. With approval of the Laguna Ridge specific plan and pending approvals of the Lent Ranch and South Pointe specific plans, the District's largely undeveloped areas are well positioned for future growth. Commercial/industrial construction is anticipated to increase significantly with the development of a regional shopping mall. It is the challenge of this District to maintain the high level of service that our residents and business leaders have come to expect from the District. One step in meeting these challenges is the annual review and update of the District's comprehensive Strategic Plan. In addition, the District's Master Plan provides an overview of the timing of future District facilities and needed personnel. These documents along with the annual budget, are the foundation upon which the District will build to meet the growing needs of the community.

## **MAJOR INITIATIVES**

### **ACCOMPLISHMENTS**

**Park Development:** The District completed and brought on line seven new parks totaling approximately 31 acres during fiscal year 2004/05.

**Skate Park:** On January 6, 2004, the District's Board of Directors approved the development of an in-ground skate park at the Wackford Community/Aquatic Complex. Total project cost was estimated to be approximately \$448,000. The 10,000 square foot skate park includes three bowls with 7, 8 and 9-foot drops and a streetscape area. Construction of the skate park was completed and opened for operation in December 2004.

**Fire Station 72 Relocation:** The District's Board of Directors approved the relocation of existing Fire Station 72 into the new East Franklin Specific Plan Area to better serve the residents of the District. Total project cost was approximately \$3.25 million. Construction of the station was completed and the station was opened for operation in October 2005.

**Fire Station 74 Renovation:** The District's Board of Directors approved the renovation of Fire Station 74 to accommodate a new engine company that was approved by the Board in FY 2004-05. Total project cost was approximately \$1.76 million. Construction of the station renovation was completed and the expanded station was opened for operation in July 2005.



### CURRENT AND FUTURE ACTIVITIES

**Fire Station Construction:** The Fire Department has developed a construction timetable for the completion of two additional fire stations within the District. Station construction is to be financed through Mello-Roos and/or developer fees. Projected completion dates for the new stations are dependent upon the pace of new development in these areas and are estimated as follows:

Station 77 → 2006 – 2007

Station 78 → 2007 - 2008

**Neighborhood Parks:** The District is currently in the design and construction phase on eleven neighborhood parks totaling over 83 acres.

**Community Sports Park:** The District owns 46 acres of undeveloped land planned for a sports park. Improvement of the 46-acre Hal Bartholomew Sports Park is scheduled for FY 2006-2007 depending upon available financing.

**Property Negotiations:** The District is in negotiation for the purchase of a 48-acre nine-hole golf course and a 97-acre ranch property. These property negotiations are anticipated to be completed by the end of the 2005-06 fiscal year.

### **FINANCIAL INFORMATION**

District management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control structure should not exceed the benefits likely to be derived and (2) choices between these two concepts often require estimates and judgements by Management.

The District's accounting records for governmental funds are maintained on the modified accrual basis of accounting. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when goods and services are received and the related liability incurred.

**BUDGETING CONTROLS:** In addition to accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Directors.

As required by the laws of the State of California, the District prepares and legally adopts a final operating budget on or before August 10 of each fiscal year. Each District department is required to submit their annual budget requests for the ensuing year. The General Manager reviews each request and a budget is presented to the Board of Directors. This budget reflects, as nearly as possible, the estimated revenues and expenditures for the upcoming year.

The budget is made available for public inspection through a public notice. On the dates stated in the notice, the Board of Directors conducts public hearings on the budget and at the conclusion of the hearings makes a final determination thereon. Annual budgets are adopted for the General Fund and Landscape and Lighting Special Revenue Fund. Until the adoption of the final budget, operations are governed by the adopted proposed budget approved by the Board prior to June 30th. The final budget serves as an approved plan for operational control and performance evaluation.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the object level of all budgetary units except for fixed assets, which are controlled on the sub-object level. The expenditure portion of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes maximum spending authorization for the fiscal year. It cannot be exceeded except by amendment of the budget by the Board of Directors. During 2004-2005, amendments were made to the final adopted budget. The budget data reflected in this comprehensive annual financial report includes the effect of all approved budget amendments. Monthly comparison of actual-to-budgeted revenues and expenditures identify significant variances that may require the District to take corrective action.

*CASH MANAGEMENT:* The District's unrestricted cash and investments are maintained in the State of California Local Agency Investment Fund. The State Treasurer is responsible for managing the investment of pooled cash fund resources. The Pool's investment policy is to maintain a high credit quality, short duration portfolio to provide participants with safety of principal, liquidity, public trust and a market average rate of return.

The Pooled Investment Fund portfolio at June 30, 2005 was invested in U.S. Treasury and Government Agency investments (33%), commercial paper (17%), certificates of deposit (24%), bank notes (3%), corporate bonds (2%), time deposits (12%), and pooled loans (9%). The average yield on investments during fiscal year 2004-2005 was 2.26%.

At June 30, 2005, the District's separate investment portfolio of approximately \$16.1 million was invested 93% in Federal Agency Notes, 6% in US Treasury Notes and 1% in Money Market Funds. All investments are rated AAA/A-1+ by Standard & Poors. Maturities range from 1 month to 23 months.

*RISK MANAGEMENT:* The District is a member of the Special District Risk Management Authority, a joint powers agency comprised of California special districts and agencies that provides general liability, automobile and property insurance coverage for the District. The limits of liability range between \$400,000 and \$750 million per occurrence annually. This policy covers real and personal property of the District.

The District participates in the Northern California Special Districts Insurance Authority (NCS DIA), a public entity risk pool of special districts within Northern California, for workers compensation. The District pays an annual premium to NCS DIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCS DIA.

## **OTHER INFORMATION**

*INDEPENDENT AUDIT:* The financial statements of the District are audited each year by an independent auditor. The firm of Richardson & Company, independent certified public accountants, was selected to perform the independent audit beginning with the 1994-95 fiscal year. The independent auditors' report on the basic financial statements, and combining and individual fund statements and schedules is included in the Financial section of this report.

*AWARDS:* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Elk Grove Community Services District for its Comprehensive Annual Financial Report (CAFR) for the fiscal

year ended June 30, 2004. This was the ninth consecutive year that the Elk Grove Community Services District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

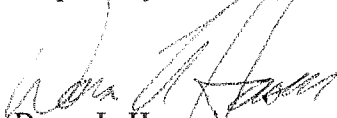
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

In addition, the California Society of Municipal Finance Officers (CSMFO) has developed a Special District Comprehensive Annual Financial Report Certificate of Award Program. This program was developed to allow special districts to participate in the award program that had traditionally been available only to cities and counties. This certificate recognizes outstanding financial reporting and dedication to financial management for special districts throughout California. CSMFO awarded a Certificate of Award to the Elk Grove Community Services District for its CAFR for the fiscal year ended June 30, 2004. This was the fifth consecutive year the District has received the CSMFO award. We believe our current report continues to conform to the Certificate of Award program requirements, and we are submitting it to CSMFO to determine its eligibility for another Certificate.

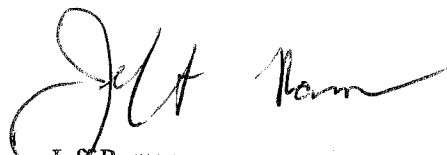
*ACKNOWLEDGMENTS:* The preparation of this Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department and the cooperation and assistance received from the staff of the Parks and Recreation and Fire Departments.

In closing, we would like to commend the Board of Directors for its interest, support and leadership in planning and conducting the financial operations of the District in a responsive and progressive manner.

Respectfully submitted,



Donna L. Hansen  
General Manager



Jeff Ramos  
Chief Operating Officer

# **ELK GROVE COMMUNITY SERVICES DISTRICT LIST OF PRINCIPAL OFFICIALS**

## **Board of Directors (Elected)**

<b>Elliot Mulberg</b>	President
<b>Elaine Wright</b>	Vice President
<b>Gil Albiani</b>	Member
<b>Gerald Derr</b>	Member
<b>Doug McElroy</b>	Member

## **Officials (Appointed)**

**Donna L. Hansen**  
General Manager

**Keith Grueneberg**  
Fire Chief

**Sue Wise**  
Parks and Recreation Department Administrator

**Jeff Ramos**  
Chief Operating Officer

ELK GROVE

# COMMUNITY SERVICES DISTRICT

## ORGANIZATIONAL CHART

FISCAL YEAR 2005-2006

PUBLIC

BOARD OF  
DIRECTORS

GENERAL MANAGER

ADMINISTRATIVE ANALYST

COMMUNICATIONS-MEDIA  
MANAGER

PUBLIC INFORMATION  
OFFICER

ADMINISTRATIVE SERVICES  
DEPARTMENT  
Chief Operating Officer

HUMAN RESOURCES/  
PERSONNEL DIVISION

SR. MANAGEMENT  
ANALYST

FINANCE DIVISION

FACILITIES DIVISION

FIRE DEPARTMENT  
Fire Chief

OPERATIONS  
FIRE CHIEF

ADMIN/SUPPORT SVCS  
FIRE CHIEF

SUPPRESSION  
DIVISION

CLERICAL

ADMINISTRATIVE  
ANALYST

FIRE  
PREVENTION &  
INVESTIGATIONS  
DIVISION

TRAINING  
DIVISION

CLERICAL

FLEET  
MAINTENANCE  
DIVISION

EMS DIVISION

TECHNICAL & GIS  
SERVICES  
DIVISION

PARKS & RECREATION  
DEPARTMENT  
Park Administrator

ADMIN & PLANNING  
DIVISION

ADV. PLANNING & OPS SUPT.

2 ADMINISTRATIVE ANALYSTS

LANDSCAPE ARCHITECTS

AQUATICS & TEENS

SPORTS & THERAPEUTIC  
RECREATION

YOUTH DEVELOPMENT

SPECIAL EVENTS &  
SUPPORT SVCS

LEISURE & EDUCATION

PARK MAINTENANCE  
DIVISION

PARK SUPERINTENDENT

FACILITIES



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Elk Grove  
Community Services District,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

COMPREHENSIVE ANNUAL FINANCIAL REPORT

# FINANCIAL SECTION

ELK GROVE



PARKS



RECREATION



FIRE

# CSD

Enriching Community  
Saving Lives

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Elk Grove Community Services District  
Elk Grove, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Elk Grove Community Services District (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2005 and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and Landscape and Lighting Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the required supplementary information other than Management's Discussion and Analysis, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



The introductory and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Richardson & Company*

October 19, 2005

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

As management of the Elk Grove Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii-viii of this report.

### FINANCIAL HIGHLIGHTS

- ◆ The assets of the Elk Grove Community Services District exceeded its liabilities at the close of the 2004-05 fiscal year by \$189,420,533 (*net assets*). Of this amount, \$29,332,467 is restricted for specific purposes (*restricted net assets*), and \$129,836,514 is invested in capital assets, net of related debt.
- ◆ Total District governmental fund revenues, including program and general revenues, were \$64 million, an increase of \$2 million from the prior fiscal year. The increase is largely due to a 25% increase in property tax revenues (\$4 million), an 11% increase in charges for current services (\$2 million) and a 22% decrease in development and other service fees (\$5 million). Total governmental fund expenses were \$60 million, which is no change from the prior fiscal year.
- ◆ As of June 30, 2005, the District's governmental funds reported combined fund balances of \$53,190,621, an increase of \$8,065,082 in comparison with the prior year. Approximately 14% of the combined fund balances, \$7,548,554, is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the close of the fiscal year ended June 30, 2005, the total fund balance reserved for park and fire station construction, debt retirement, foundation activities and advances for the governmental funds was \$30,812,542.
- ◆ The District's total long-term obligations increased by a net of \$2,574,298 during the fiscal year. The increase resulted primarily from a \$3.2 million loan secured for the construction of Fire Station 72.

### OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information,
- 2) **Financial section**, The Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the notes to these financial statements, Required Supplementary Information, and Combining and Individual Fund Financial Statements and Schedules, and
- 3) **Statistical section**.

### The Basic Financial Statements

The Basic Financial Statements consist of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

### The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the District's activities as a whole, and consist of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the District's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the District's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the District's activities and amounts in the Statement of Net Assets and the Statement of Activities are considered Governmental Activities, as explained below.

- ♦ **Government activities** – All of the District's basic services are considered to be governmental activities, including general government, public protection, and recreation and culture. These services are supported by property taxes, and also by specific program revenues such as recreation fees, ambulance and plan check fees and developer fees.

The District's governmental activities include the activities of a separate legal entity, the Elk Grove Community Services District Foundation, because the District is financially accountable for the Foundation. The Foundation has been included as an integral part of the primary government.

### Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental Fund Financial Statements provide detailed information about each of the District's most significant funds, called *major funds*. The concept of *major funds*, and the determination of which

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

are *major funds*, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented only in a single column. Subordinate schedules present the detail of these *non-major funds*. *Major funds* present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities. For the fiscal year ending June 30, 2005, the District's *major funds* are as follows:

- General Fund
- Landscaping and Lighting Special Revenue Fund

For the fiscal year ended June 30, 2005, the District adopted annual appropriated budgets for all funds, except for the following:

- Debt Service Fund
- Capital Projects Fund
- Foundation Special Revenue Fund

A budgetary comparison statement has been provided for the General Fund and the Landscaping and Lighting Special Revenue Fund.

The basic governmental fund financial statements can be found on pages 13 to 18 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the financial statements can be found on pages 19-35 of this report.

### Required Supplementary Information

Supplemental information regarding the funding progress of the District's pension plan can be found on page 36 of this report.

### Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 37-52 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$189,420,533 at the close of the most recent fiscal year.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

### ELK GROVE COMMUNITY SERVICES DISTRICT

#### SUMMARY OF NET ASSETS JUNE 30, 2005 AND 2004

	Governmental Activities	
	2005	2004
Current and other assets	\$ 64,438,084	\$ 49,429,038
Capital assets	140,439,967	113,221,197
<b>Total assets</b>	<b>204,878,051</b>	<b>162,650,235</b>
Long-term liabilities outstanding	11,212,251	9,202,888
Other liabilities	4,245,267	4,653,864
<b>Total liabilities</b>	<b>15,457,518</b>	<b>13,856,752</b>
Net assets:		
Invested in capital assets, net of related debt	129,836,514	103,884,974
Restricted	29,332,467	28,332,143
Unrestricted	30,251,552	16,576,366
<b>Total net assets</b>	<b>\$ 189,420,533</b>	<b>\$ 148,793,483</b>

The largest portion of the District's net assets of \$129,836,514 (69 percent) reflects its investment in capital assets (e.g. land, structures and improvements, equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the District's net assets of \$29,332,467 (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$30,251,552 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets for the District as a whole.

The District's net assets increased by \$40,627,050 during the current fiscal year, which accounts for 21 percent of total net assets. Approximately \$26 million of this increase represents an increase in investments in capital assets. The remainder of the increase is primarily in unrestricted net assets.

The table below indicates the changes in net assets for governmental activities:

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

### ELK GROVE COMMUNITY SERVICES DISTRICT

#### STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	<b>Governmental Activities</b>	
	<u>2005</u>	<u>2004</u>
<b>REVENUES:</b>		
Program revenues:		
Charges for services	\$ 14,956,034	\$ 13,651,123
Operating grants and contributions	67,916	188,276
Capital grants and contributions	31,113,731	29,100,120
General revenues:		
Property taxes	22,498,919	17,970,799
Other taxes	398,655	363,557
Building rental/lease	536,939	330,789
Investment earnings	923,551	544,829
Miscellaneous	471,444	282,420
Gain on sale of capital assets	1,704	96,183
<b>TOTAL REVENUES</b>	<u>70,968,893</u>	<u>62,528,096</u>
<b>EXPENSES:</b>		
Governmental activities:		
Public protection	16,822,473	14,346,669
Recreation and culture	11,361,158	10,802,810
General government	2,158,212	1,625,332
<b>TOTAL EXPENSES</b>	<u>30,341,843</u>	<u>26,774,811</u>
<b>INCREASE IN NET ASSETS</b>	<u>40,627,050</u>	<u>35,753,285</u>
Net assets at beginning of year	<u>148,793,483</u>	<u>113,040,198</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 189,420,533</u></u>	<u><u>\$ 148,793,483</u></u>

#### Revenues

The District's total revenues per the Statement of Activities were \$70,968,893 for the fiscal year ended June 30, 2005. Capital grant and contribution revenue of \$31,113,731, which is comprised primarily of parkland dedications and fees from developers that is restricted for the construction of parks and fire stations, comprised 43.84% of the total governmental revenues of the District. Property taxes and charges for services provided 31.70% and 21.07%, respectively, of the total governmental revenue of the District.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

### Expenses

Expenses of the District for the year totaled \$30,341,843. Public protection costs represented 55.44% of total governmental activities expenses and represents the largest single expenditure in the governmental activities.

The following table shows the cost of each of the District's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost of the public protection and general government services reflects the financial burden that was placed on the District's taxpayers by each of the programs.

	<b><u>Total Cost of services</u></b>	<b><u>Net Revenue (Cost) of services</u></b>
Public protection	\$16,822,473	\$ (10,510,846)
Recreation and culture	11,361,158	28,463,546
General government	<u>2,158,212</u>	<u>(2,156,862)</u>
<b>TOTAL</b>	<b><u>\$30,341,843</u></b>	<b><u>\$ 15,795,838</u></b>

The net benefit of services provided under recreation and culture is a result of developer fees for the construction of capital assets that are not included as costs in the government-wide financial statements. The net cost to taxpayers for recreation and culture services, excluding developer fees, was \$685,269.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses **fund accounting** to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the District's governmental funds reported combined fund balances of \$53,190,621, an increase of \$8,065,082 in comparison with the prior year. The major reason for the increase was increases in property tax revenues and proceeds of long-term debt. Approximately 42 percent of the combined fund balances, \$22,378,079, constitutes *unreserved fund balance*, which is available to meet the District's current and future needs. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed: 1) to reflect amounts set aside for future construction (\$30,577,746); 2) to pay debt service (\$176,627); 3) to reflect assets that are unavailable and do not represent available resources (\$25,036); and 4) to reflect amounts held on behalf of the Elk Grove Community Services District Foundation (\$33,133).

The General Fund is the chief operating fund of the District. At June 30, 2005, unreserved fund balance of the general fund was \$18,264,950 while total fund balance reached \$47,412,693. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 49 percent of total fund expenditures, while total fund balance represents 127 percent of that same amount.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

The Landscape & Lighting Special Revenue Fund has a total fund balance of \$4,113,129 at June 30, 2005. Of this amount, \$2,808,544 is designated for dry period financing needs and capital improvements and \$1,304,585 constitutes *unreserved fund balance* to meet the funds current and future needs. Total fund balance increased by approximately \$204,000 for the fiscal year ended June 30, 2005.

The Nonmajor Governmental Funds consist of the Debt Service Fund, Capital Projects Fund and Foundation Special Revenue Fund. Total fund balance at June 30, 2005 is \$1,664,799. Of this amount, \$176,627 is reserved for debt retirement, \$1,455,039 is reserved for future construction and \$33,133 is reserved for foundation activities. The increase in fund balance of \$1,432,192 is due to long-term debt proceeds to be used for the construction of Fire Station 72.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget reflect increased General Fund expenditures totaling \$922,761. The majority of these additional expenditures are for park and fire station improvements. The additional expenditures were paid for with park development fees (approximately \$600,000) and general fund reserves (approximately \$300,000). Actual General Fund revenues exceeded the final budget by \$249,324. Actual General Fund expenditures were \$6,951,932 lower than the final budget, of which \$6,014,681 represented several park development projects which were not completed and/or not started during the fiscal year.

### CAPITAL ASSET AND LONG-TERM DEBT

**Capital assets.** As of June 30, 2005, the Districts' investment in capital assets amounted to \$140,439,967, net of depreciation. This investment in capital assets includes land, land improvements, structures and improvements, equipment and construction in progress costs for various parkland improvements and fire station construction.

## ELK GROVE COMMUNITY SERVICES DISTRICT

### CAPITAL ASSETS (net of depreciation) AS OF JUNE 30, 2005 AND 2004

	2005	2004
Land	\$ 70,053,139	56,290,101
Land improvements	19,166,994	16,555,767
Construction in Progress	10,301,068	18,151,544
Structures and improvements	35,737,777	17,296,323
Equipment	<u>5,180,989</u>	<u>4,927,462</u>
<b>Total</b>	<b>\$ <u>140,439,967</u></b>	<b><u>113,221,197</u></b>

The following provides an explanation of significant changes in capital assets:

- ◆ Land – receipt of 133.14 acres of parkland and landscape corridors from park in-lieu dedications.
- ◆ Land improvements – completion of six park sites and one trail.
- ◆ Structures and improvements – completion of the Wackford Community/Aquatic Complex.
- ◆ Construction in progress – decrease is due to the completion of the Wackford Aquatic/Community Complex.

Additional information on the District's capital assets can be found in Note D on page 28.



# ELK GROVE COMMUNITY SERVICES DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2005

The District was in the process of performing parkland improvements and other projects at June 30, 2005. The total amount committed at June 30, 2005 is \$15,383,766. Additional information on the District's commitments can be found in Note K on page 35.

**Long-term debt.** At June 30, 2005, the District had long-term debt obligations totaling \$11,926,134. District debt issues include \$2,160,000 in Certificates of Participation for the construction of two fire stations, a note agreement for \$2,102,761 for the partial financing of the construction of the Wackford Aquatic/Community Complex and Fire Training Facility and \$7,663,373 in various capital lease obligations for the construction and equipping of a fire station and purchase of equipment and vehicles. The District's total debt increased by \$2,589,911 (28%) during the current fiscal year due to the issuance of various capital leases for fire station construction, fire apparatus and equipment.

Additional information on the District's long-term debt can be found in Note F on pages 30-32.

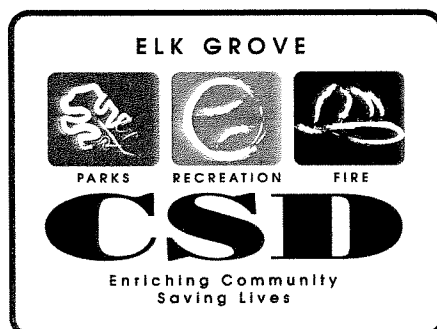
### ECONOMIC OUTLOOK

The primary funding source of District operations is property taxes. The volume of new home sales and home re-sales within Sacramento County and the Elk Grove area continued at near record levels during the fiscal year. Due to the sustained level of new residential construction and home re-sales experienced within the District, the average annual growth in property tax revenues has approximated eighteen percent for the last several years. The District believes it will continue to experience growth in its property tax revenues at approximately fifteen percent per year for the next two years. The District also receives development fee funding and parkland dedications from new residential developers for the construction of parks and fire stations and purchase of fire apparatus within the new growth areas of the District.

The District's comprehensive Strategic and Master Plans, along with the annual budget, serves as the basis upon which the District will expand to meet the growing service level needs of the citizens of our community.

### REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Elk Grove Community Services District Administrative Services Department, 8820 Elk Grove Boulevard, Elk Grove, CA 95624, or visit the District's web page at [www.egcsd.ca.gov](http://www.egcsd.ca.gov).



## BASIC FINANCIAL STATEMENTS

ELK GROVE COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS

June 30, 2005

ASSETS

Cash and investments	\$ 44,370,765
Receivables:	
Interest	278,930
Intergovernmental	10,922,873
Ambulance	942,869
Other	143,705
Other assets	84,000
Restricted cash and investments	7,694,942
Capital assets, net	140,439,967
	<u>204,878,051</u>
TOTAL ASSETS	

LIABILITIES

Accounts payable and accrued expenditures	2,041,802
Unearned revenue	638,309
Long-term liabilities:	
Due within one year	1,565,156
Due in more than one year	11,212,251
	<u>15,457,518</u>
TOTAL LIABILITIES	

NET ASSETS

Invested in capital assets, net of related debt	129,836,514
Restricted for:	
Park development	21,881,043
Fire station and equipment	7,241,664
Debt retirement	176,627
Foundation activities	33,133
Unrestricted	<u>30,251,552</u>
TOTAL NET ASSETS	<u>\$ 189,420,533</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2005

			Program Revenues			Net (Expense)
		Indirect		Operating	Capital	Revenue -
	Expenses	Expense	Charges for	Grants and	Grants and	Governmental
		Allocation	Services	Contributions	Contributions	Activities
FUNCTIONS/PROGRAMS:						
Governmental activities:						
Public protection	\$ 16,428,383	\$394,090	\$ 4,346,711		\$ 1,964,916	\$ (10,510,846)
Recreation and culture	11,214,041	147,117	10,607,973	\$ 67,916	29,148,815	28,463,546
General government	2,286,834	(128,622)	1,350			(2,156,862)
Interest on long-term debt	412,585	(412,585)				
TOTAL GOVERNMENTAL						
ACTIVITIES	<u>\$ 30,341,843</u>		<u>\$ 14,956,034</u>	<u>\$ 67,916</u>	<u>\$ 31,113,731</u>	15,795,838
GENERAL REVENUES:						
Taxes:						
Property taxes						22,498,919
Homeowner's property tax relief						394,393
Other						4,262
Building rental/lease						536,939
Investment earnings						923,551
Miscellaneous						471,444
Gain on sale of capital assets						1,704
				TOTAL GENERAL REVENUES		<u>24,831,212</u>
				CHANGE IN NET ASSETS		40,627,050
						<u>148,793,483</u>
						<u>\$ 189,420,533</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2005

	General Fund	Landscape and Lighting Special Revenue Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 40,526,300	\$ 3,844,465		\$ 44,370,765
Receivables:				
Interest	262,553	16,201	\$ 176	278,930
Intergovernmental	2,877,600	276,903		3,154,503
Ambulance	416,645			416,645
Other	135,426	8,279		143,705
Due from other funds	1,831,397			1,831,397
Advances to other funds	25,036			25,036
Other assets	84,000			84,000
Restricted cash and investments	4,198,922		3,496,020	7,694,942
<b>TOTAL ASSETS</b>	<u>\$ 50,357,879</u>	<u>\$ 4,145,848</u>	<u>\$ 3,496,196</u>	<u>\$ 57,999,923</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenditures	\$ 2,034,119	\$ 7,683		\$ 2,041,802
Due to other funds			\$ 1,831,397	1,831,397
Advances from other funds		25,036		25,036
Deferred revenue	638,309			638,309
Compensated absences	272,758			272,758
<b>TOTAL LIABILITIES</b>	<u>2,945,186</u>	<u>32,719</u>	<u>1,831,397</u>	<u>4,809,302</u>
<b>FUND BALANCES</b>				
Reserved for:				
Park development	21,881,043			21,881,043
Fire station and equipment	7,241,664			7,241,664
Advances	25,036			25,036
Debt retirement			176,627	176,627
Capital projects			1,455,039	1,455,039
Foundation activities			33,133	33,133
Unreserved reported in:				
General Fund:				
Designated	12,020,981			12,020,981
Undesignated	6,243,969			6,243,969
Special revenue fund:				
Designated		2,808,544		2,808,544
Undesignated		1,304,585		1,304,585
<b>TOTAL FUND BALANCES</b>	<u>47,412,693</u>	<u>4,113,129</u>	<u>1,664,799</u>	<u>53,190,621</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 50,357,879</u>	<u>\$ 4,145,848</u>	<u>\$ 3,496,196</u>	<u>\$ 57,999,923</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE BALANCE SHEET TO THE GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS-  
GOVERNMENTAL FUNDS

June 30, 2005

Fund balances - total governmental funds		\$ 53,190,621
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental capital assets	\$ 153,120,517	
Less: accumulated depreciation	<u>(12,680,550)</u>	140,439,967
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis used in the government-wide statements. Those revenues consist of:		
Intergovernmental	\$ 7,201,248	
Grants	345,190	
Property taxes	221,932	
Ambulance receivable	<u>526,224</u>	8,294,594
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Long-term debt obligations	\$ (4,262,761)	
Capital lease obligations	(7,663,373)	
Accrued compensated absences	<u>(578,515)</u>	<u>(12,504,649)</u>
Net assets - governmental activities		<u>\$189,420,533</u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2005

	General Fund	Landscape and Lighting Special Reveune Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$22,405,825			\$22,405,825
Charges for current services	6,925,408	\$ 7,602,974		14,528,382
Developer fees and contributions	8,242,353	14,169,141		22,411,494
Intergovernmental	2,570,416	20,487		2,590,903
Donations and contributions	38,773		\$ 17,707	56,480
Use of money and property	1,379,956	68,546	14,543	1,463,045
Miscellaneous	361,292	105,576		466,868
<b>TOTAL REVENUES</b>	<u>41,924,023</u>	<u>21,966,724</u>	<u>32,250</u>	<u>63,922,997</u>
<b>EXPENDITURES</b>				
Current:				
Public protection	15,237,522			15,237,522
Recreation and culture	5,703,480	5,407,199	18	11,110,697
General government	2,318,108			2,318,108
Capital outlay	13,234,668	14,323,149	1,817,479	29,375,296
Debt service:				
Principal	704,457	95,876	314,137	1,114,470
Interest	212,512	14,569	185,504	412,585
<b>TOTAL EXPENDITURES</b>	<u>37,410,747</u>	<u>19,840,793</u>	<u>2,317,138</u>	<u>59,568,678</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	4,513,276	2,125,931	(2,284,888)	4,354,319
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term liabilities	256,886	193,877	3,260,000	3,710,763
Transfers in	1,913,446	1,267,458	499,587	3,680,491
Transfers out	(254,530)	(3,383,454)	(42,507)	(3,680,491)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,915,802</u>	<u>(1,922,119)</u>	<u>3,717,080</u>	<u>3,710,763</u>
<b>NET CHANGE IN FUND BALANCES</b>	6,429,078	203,812	1,432,192	8,065,082
Fund balances at beginning of year	<u>40,983,615</u>	<u>3,909,317</u>	<u>232,607</u>	<u>45,125,539</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$47,412,693</u></u>	<u><u>\$ 4,113,129</u></u>	<u><u>\$ 1,664,799</u></u>	<u><u>\$53,190,621</u></u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES -  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2005

Net changes in fund balances - total governmental funds		\$ 8,065,082
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	\$29,375,296	
Depreciation expense	<u>(2,151,848)</u>	27,223,448
In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increase financial resources.		
Gain on disposal of capital assets		1,704
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Proceeds from long-term liabilities	\$ (3,710,763)	
Principal repayments on long-term liabilities	<u>1,114,470</u>	(2,596,293)
Grants, property taxes and developer fee revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period in the governmental funds. Revenue in the statement of activities is not limited by availability.		6,955,554
Revenues in the statement of activities that do not provide current financial resources resources are not reported as revenues in the funds. Amount represents the change in the ambulance receivable.		88,638
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	\$ 126,829	
Retainage payable	<u>762,088</u>	<u>888,917</u>
Change in net assets - governmental activities		<u>\$ 40,627,050</u>

The accompanying notes are an integral part of these financial statements.



ELK GROVE COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
GENERAL FUND

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis See Note B)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$18,940,239	\$18,940,239	\$22,405,825	\$ 3,465,586
Intergovernmental	7,158,672	7,791,908	2,570,416	(5,221,492)
Charges for current service	6,573,471	6,573,471	6,925,408	351,937
Developer fees	6,740,613	6,740,613	8,242,353	1,501,740
Donations and contributions	99,470	99,470	38,773	(60,697)
Use of money and property	1,264,819	1,264,819	1,379,956	115,137
Miscellaneous	264,179	264,179	361,292	97,113
TOTAL REVENUES	41,041,463	41,674,699	41,924,023	249,324
EXPENDITURES				
Current				
Public protection	15,629,526	15,632,549	15,237,522	395,027
Recreation and culture	5,988,430	5,932,112	5,703,480	228,632
General government	2,037,080	2,325,926	2,318,108	7,818
Capital outlay	18,286,013	19,249,349	13,234,668	6,014,681
Debt service				
Principal	774,960	727,907	704,457	23,450
Interest	351,143	431,765	212,512	219,253
Contingencies	372,766	63,071		63,071
TOTAL EXPENDITURES	43,439,918	44,362,679	37,410,747	6,951,932
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,398,455)	(2,687,980)	4,513,276	7,201,256
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt		378,246	256,886	(121,360)
Transfers in	2,465,055	2,465,055	1,913,446	(551,609)
Transfers out		(254,530)	(254,530)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,465,055	2,588,771	1,915,802	(672,969)
NET CHANGE IN FUND BALANCES	66,600	(99,209)	6,429,078	6,528,287
Fund balances at beginning of year	(410,951)	(5,826,234)	40,983,615	46,809,849
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ (344,351)	\$ (5,925,443)	\$47,412,693	\$ 53,338,136

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS  
LANDSCAPE AND LIGHTING SPECIAL REVENUE FUND

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis See Note B)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for current service	\$ 7,629,414	\$ 7,629,414	\$ 7,602,974	\$ (26,440)
Intergovernmental			20,487	20,487
Use of money and property	92,040	97,160	68,546	(28,614)
Miscellaneous	37,131	37,131	105,576	68,445
TOTAL REVENUES	7,758,585	7,763,705	7,797,583	33,878
EXPENDITURES				
Current				
Recreation and culture	5,678,563	5,695,770	5,407,199	288,571
Capital outlay	16,003	84,046	81,274	2,772
Debt service				
Principal	94,870	94,870	95,876	(1,006)
Interest	81,691	15,862	14,569	1,293
Contingencies	566,019	566,019		566,019
TOTAL EXPENDITURES	6,437,146	6,456,567	5,598,918	857,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,321,439	1,307,138	2,198,665	891,527
OTHER FINANCING SOURCES (USES)				
Issuance of long-term liabilities		55,900	55,919	19
Transfers in	177,256	1,177,256	1,267,458	90,202
Transfers out	(3,653,806)	(3,683,455)	(3,383,454)	300,001
TOTAL OTHER FINANCING SOURCES (USES)	(3,476,550)	(2,450,299)	(2,060,077)	390,222
NET CHANGE IN FUND BALANCES	(2,155,111)	(1,143,161)	138,588	1,281,749
Fund balances at beginning of year	(514,686)	3,909,317	3,909,317	
FUND BALANCES AT END OF YEAR	<u><u>\$(2,669,797)</u></u>	<u><u>\$ 2,766,156</u></u>	<u><u>\$ 4,047,905</u></u>	<u><u>\$ 1,281,749</u></u>

The accompanying notes are an integral part of these financial statements.

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE A-REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Elk Grove Community Services District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Definition of Financial Reporting Entity: The District was established under Government Code Sections 56261.1 and 56439(c) on July 1, 1985 by a reorganization resulting in the dissolution of the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District. It is governed by a five member Board of Directors elected to four year staggered terms. The District consists of approximately 106 square miles with a population of approximately 130,000 residents. The District provides fire protection services including fire suppression, fire prevention, inspection, plan checking and public education programs and provides emergency medical services, ambulance transport, advanced life support and rescue services and recreation facilities and programs. The District operates six fire stations, one fire training facility and over 85 parks (19 undeveloped) and employs 192 full-time and over 90 part-time people. Through the exercise of Joint Powers, the District is a member of the Sacramento Regional Fire/EMS Communications Center and the Northern California Special District Insurance Authority.

The District makes assessments and provides services under a District Wide Landscape and Lighting Assessment District, which is operated under the Landscape and Lighting Act of 1972. Under the District Wide Landscape and Lighting Assessment District, areas in the Elk Grove Community Services District are divided into zones of benefit. All parcels in the Elk Grove Community Services District are assessed at varying rates depending upon the zone of benefit in which the parcel is located and the costs of installing, repairing, maintaining, and replacing Landscape and Lighting (including parks) within the benefit zone.

The District has also established the Elk Grove Community Services District Foundation (the Foundation), which primarily solicits contributions to provide direct charitable services for the District's programs. The Foundation is a legally separate component unit reported on a blended basis as part of the primary government because a voting majority of its board is appointed by the District's board and its activities mainly benefit the District's programs.

The District has entered into a lease financing arrangement with the California Special Districts Association Financing Corporation for the purpose of facilitating the financing of capital projects within the District. For financial reporting purposes, the District's proportionate share of the underlying Certificate of Participation debt is reflected in the Debt Service Fund.

Basis of Presentation - Government-wide financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated from the general government activity to the recreation and culture activity based on relative percentages of prior year actual operating expenditures. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE A--REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when reimbursable costs are incurred under the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Presentation--Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues other than expenditure reimbursement grants to be available if they are collected within 60 days of the end of the current fiscal period. The District considers revenues from expenditure reimbursement grants to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Payable balances consist primarily of payables to vendors.

Property taxes, ambulance services and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund types:

The General Fund is the District's primary operating fund. It is used to account for all activities of the general government, except those required to be accounted for in another fund.

The Landscape and Lighting Special Revenue Fund is used to account for the proceeds of specific Landscape and Lighting revenue sources that are legally restricted to expenditures for specific purposes. The transactions of the District Wide Landscape and Lighting Assessment District are recorded by the respective zones of benefit within the Special Revenue Fund. However, the zones of benefit do not represent separate special revenue funds.

Additionally the District reports the following fund types:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are financed from the District's Certificate of Participation issues or capital lease financing arrangements.

The Foundation Special Revenue Fund is used to account for revenues of the Elk Grove Community Services District Foundation (the Foundation), which are legally restricted to expenditures approved by the Foundation board.

Budgetary Principles: As required by the laws of the State of California, the District prepares and legally adopts a final operating budget on or before August 10 of each fiscal year. Until the adoption of this final budget, operations are governed by the adopted preliminary budget approved by the Board.

Annual budgets are adopted for the General Fund and Landscape and Lighting Special Revenue Fund. A formal budget is not developed for the Debt Service and Capital Projects Funds because the Certificates of Participation and capital lease financing arrangements serve as the authorization for, and control of, the revenues and expenditures of these funds. Also, a formal budget is not developed for the Foundation Special Revenue Fund. Accordingly, comparison of actual results of operations to budgetary data for these funds is not presented. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. In addition, legal level of budgetary control for the Landscape and Lighting Special Revenue Fund is at the benefit zone level, which is presented in the Supplementary Information section of this report. Significant amendments, appropriation transfers between objects and transfers from contingencies must be approved by the District's Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No supplemental appropriations were required during the year ended June 30, 2005.

Investments: All investments are generally stated at fair value, unless amortized cost approximates fair value, in which case those investments would be stated at amortized cost.

Interfund Transactions: Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate, and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Restricted Assets: Certain resources set aside for the repayment of certificates of participation are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. In addition, developer fees have been restricted by the City of Elk Grove or County of Sacramento ordinances, or the Quimby Act for park development expenditures and the construction of fire stations. Contributions to the Foundation have been restricted for Foundation activities.

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the District are stated at historical cost or estimated historical cost, if actual historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the time received. Park improvements completed prior to the year ended June 30, 1995 were recorded at estimated historical cost developed by estimating replacement costs, which were discounted through

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the use of indices to acquisition dates. Land obtained as in-lieu fees is estimated using average assessed values for similar parcels during the year these parcels are acquired. It is the District's policy to not depreciate the base of parks, which includes grading, irrigation systems and landscaping.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Structures and improvements	3 to 40 years
Equipment	5 to 15 years

It is the District's policy to capitalize all land, structures, improvements and equipment, except assets costing less than \$1,500. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement. The proceeds from the sale of capital assets is included in the statement of revenues, expenditures and changes in fund balances of the related fund. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Compensated Absences: District employees are granted annual leave in varying amounts based on classification and length of service. Maximum annual leave hours eligible for carry forward to future years is limited to the employee's prior year accrual rate of annual leave, which ranges from 80 hours to 400 hours.

Governmental funds record expenditures for compensated absences as they are taken by employees. Each year's budget includes a provision for the estimated expenditure for the current year. Typically the General Fund liquidates the compensated absence liability.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit as to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. It is the policy of the District not to buy back any accumulated sick leave. Accordingly, no provision for payment of sick leave has been included in the financial statements.

Property Taxes: The County of Sacramento is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Sacramento up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The District recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of September of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County uses the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. These taxes are accrued as intergovernmental receivables only if they are received from the County within 60 days after year-end for the governmental funds and are accrued when earned for the government-wide presentation regardless of the timing of the related cash flows.

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This category represents net assets of the District not restricted for any project or other purpose.

Fund Balance Reserves and Designations: In the fund financial statements, fund balance reserves are those portions of the fund balance that are not available for appropriation or expenditure and/or are legally segregated for a specific future use. The reserve for park development and reserve for fire station and equipment in the general fund represent developer fees collected specifically for these purposes. The reserved fund balance for debt retirement is required to be segregated in accordance with the Certificate of Participation, loan and capital lease covenants. The reserved fund balance for Foundation activities represents contributions received by the Foundation that are reserved for specific activities.

Designations of unreserved fund balances in governmental fund financial statements indicate District management's tentative plans for use of financial resources in a future period. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures. See Note J for designated amounts.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ELK GROVE COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE B—BUDGETARY BASIS OF ACCOUNTING

The District prepares its annual budget on a basis (budgetary basis) which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (Non-GAAP budgetary basis) in the Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non-GAAP Budgetary Basis for the Landscape and Lighting Special Revenue Fund to provide a meaningful comparison of actual results with the budget. The major differences between budgetary and GAAP basis is that land and park improvements that have been contributed in lieu of developer fees in the Landscape and Lighting Special Revenue Fund are recorded as revenue and capital outlay expenditures on the GAAP basis, but these items are not reflected in the budget. The District also did not budget for certain capital leases for equipment purchases in the Landscape and Lighting Special Revenue Fund. The reconciliations of excess of revenues over expenditures to the non-GAAP budgetary basis of accounting are as follows:

	Modified Accrual Basis	To Adjust to Budgetary Basis	Non-GAAP Budgetary Basis
Revenues	\$ 21,966,724	\$(14,169,141)	\$ 7,797,792
Expenditures	(19,840,793)	14,241,875	(5,598,918)
Other financing sources (uses)	<u>(1,922,119)</u>	<u>(137,958)</u>	<u>(2,060,077)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 203,812</u>	<u>\$ (65,224)</u>	<u>\$ 138,588</u>

NOTE C—CASH AND INVESTMENTS

At June 30, 2005, the District's pooled cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 44,370,765
Restricted cash and investments	<u>7,694,942</u>
Total cash and investments	<u>\$ 52,065,707</u>

Cash and investments as of June 30, 2005 consisted of the following:

Cash on hand	\$ 1,500
Deposits with financial institutions	<u>3,915,500</u>
Total cash	<u>3,917,000</u>
Federal Home Loan Mortgage Corporation Discount Note	4,204,175
Federal Home Loan Bank Bonds	3,964,370
Federal Home Loan Mortgage Corporation Bonds	2,868,914
Federal National Mortgage Association Debentures	2,021,743
Federal National Mortgage Association Discount Notes	1,985,600
U.S. Treasury Note	986,720
Treasury obligation mutual fund	176,627
Government obligation mutual fund	142,943
Investments in Local Agency Investment Fund (LAIF)	30,336,966
Investment in Sacramento County Pooled Investment Fund	<u>1,460,649</u>
Total investments	<u>48,148,707</u>
Total cash and investments	<u>\$ 52,065,707</u>



ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE C—CASH AND INVESTMENTS (Continued)

Investment policy: California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	50%	50%
Bankers acceptances	180 days	40%	30%
High grade commercial paper	270 days	15%	10%
Negotiable certificates of deposit	5 years	30%	50%
LAIF	N/A	None	None
Local government investment pools	N/A	None	None
Medium term corporate notes	5 years	30%	50%
Money market mutual funds	N/A	20%	10%
Collateralized negotiable investments	5 years	50%	50%
Repurchase agreements	92 days	15%	5%

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The 1998 Certificates of Participation trust agreement contains certain provisions that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio*	Maximum Investment in One Issuer
State Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
Government sponsored agency obligations	None	None	None
U.S. Government agency obligations	None	None	None
Municipal Obligations	None	None	None
Banker's Acceptances	360 days	40%	30%
Commercial Paper	270 days	None	None
Negotiable Certificates and Time Deposits	30 days	None	None
Repurchase Agreements	None	None	None
Money Market Funds	None	None	None
LAIF	N/A	None	None
Investment Agreements	None	None	None

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE C—CASH AND INVESTMENTS (Continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Total	Remaining Maturity (in Months)	
		12 Months Or Less	13 to 24 Months
Federal Home Loan Mortgage Corporation Discount Note	\$ 4,204,175	\$ 4,204,175	
Federal Home Loan Bank Bonds	3,964,370	2,972,810	\$ 991,560
Federal Home Loan Mortgage Corporation Bonds	2,868,914	2,868,914	
Federal National Mortgage Association Debentures	2,021,743	1,003,613	1,018,130
Federal National Mortgage Association Discount Notes	1,985,600	1,985,600	
U.S. Treasury Note	986,720		986,720
Treasury obligation mutual fund	176,627	176,627	
Government obligation mutual fund	142,943	142,943	
LAIF	30,336,966	30,336,966	
Investment in Sacto County Pooled Investment Fund	1,460,649	1,460,649	
Total	<u>\$ 48,148,707</u>	<u>\$ 45,152,297</u>	<u>\$ 2,996,410</u>

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year end for each investment type.

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE C—CASH AND INVESTMENTS (Continued)

		Minimum	Rating as of Year End		
	Total	Legal Rating	AAA	A1	Not Rated
Federal Home Loan Mortgage Corporation Discount Note	\$ 4,204,175	N/A		\$ 4,204,175	
Federal Home Loan Bank Bonds	3,964,370	N/A	\$ 3,964,370		
Federal Home Loan Mortgage Corporation Bonds	2,868,914	N/A	2,868,914		
Federal National Mortgage Association Debentures	2,021,743	N/A	2,021,743		
Federal National Mortgage Association Discount Notes	1,985,600	N/A		1,985,600	
U.S. Treasury Note	986,720	N/A			\$ 986,720
Treasury obligation mutual fund	176,627		176,627		
Government obligation mutual fund	142,943		142,943		
LAIF	30,336,966	N/A			30,336,966
Investment in Sacramento County Pooled Investment Fund	1,460,649	N/A			1,460,649
<b>Total</b>	<b>\$ 48,148,707</b>		<b>\$ 9,174,597</b>	<b>\$ 6,189,775</b>	<b>\$ 32,784,335</b>

Concentration of credit risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2005, the carrying amount of the District's deposits were \$3,915,500 and the balances in financial institutions was \$4,551,933. Of the balance in financial institutions, \$200,000 was covered by federal depository insurance and \$4,351,933 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2005, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

ELK GROVE COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE C—CASH AND INVESTMENTS (Continued)

Federal Home Loan Mortgage Corporate Discount Note	\$ 4,204,175
Federal Home Loan Bank Bonds	3,964,370
Federal Home Loan Mortgage Corporate Bonds	2,868,914
Federal National Mortgage Association Debentures	2,021,743
Federal National Mortgage Association Discount Notes	1,985,600
U.S. Treasury Note	986,720

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$60,503,473,770 managed by the State Treasurer. Of that amount, 97.6 percent is invested in non-derivative financial products and 2.4 percent in derivative financial products and structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in Sacramento County Pooled Investment Fund. The District's investments in the Sacramento County pooled investment fund are stated at fair value or amortized cost, which approximates fair value. The total amount invested by all public agencies in Sacramento County's cash and investment pool is \$2,692,494,053 and is managed by the Sacramento County Treasurer. Sacramento County does not invest in any derivative financial products directly. However they do invest in LAIF, which does invest in derivative financial products. The Sacramento County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sacramento County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Sacramento County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2005
Capital assets not being depreciated:					
Land	\$ 56,290,101	\$ 13,763,038			\$ 70,053,139
Land improvements	16,555,767	407,000		\$ 2,204,227	19,166,994
Construction in progress	18,151,544	13,672,514		(21,522,990)	10,301,068
Total capital assets not being depreciated	90,997,412	27,842,552		(19,318,763)	99,521,201
Capital assets being depreciated:					
Structures and improvements	22,207,138	201,050		19,318,763	41,726,951
Equipment	10,596,802	1,331,694	\$ (56,131)		11,872,365
Total capital assets being depreciated	32,803,940	1,532,744	(56,131)	19,318,763	53,599,316

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE D-CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2005
Less accumulated depreciation for:					
Structures and improvements	\$ (4,910,815)	\$ (1,078,359)			\$ (5,989,174)
Equipment	(5,669,340)	(1,073,489)	\$ 51,453		(6,691,376)
Total accumulated depreciation	(10,580,155)	(2,151,848)	51,453		(12,680,550)
Total capital assets being depreciated, net	22,223,785	(619,104)	(4,678)	\$19,318,763	40,918,766
Capital assets, net	<u>\$ 113,221,197</u>	<u>\$ 27,223,448</u>	<u>\$ (4,678)</u>	<u>\$ -</u>	<u>\$ 140,439,967</u>

Depreciation was charged to function as follows:

Public protection	\$ 1,173,714
Recreation and culture	902,794
General government	75,340
Total depreciation expense	<u>\$ 2,151,848</u>

NOTE E-INTERFUND TRANSACTIONS

Interfund balances at June 30, 2005 are as follows:

Due to General Fund from:	
Nonmajor Governmental Funds	<u>\$ 1,831,397</u>
Total due to general fund from other funds	<u>\$ 1,831,397</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2005 were as follows:

Transfers to General Fund from:	
Landscape and Lighting Special Revenue Fund	\$ 1,870,939
Nonmajor Governmental Funds	42,507
Total transfers to General Fund	<u>\$ 1,913,446</u>
Transfers to Landscape and Lighting Special Revenue Fund from:	
General Fund	\$ 38,068
Transfers within the Landscape and Lighting Special Revenue Fund benefit zones	<u>1,229,390</u>
	<u>\$ 1,267,458</u>

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE E-INTERFUND TRANSACTIONS (Continued)

Transfers to Nonmajor Governmental Funds from:	
General Fund	\$ 216,462
Landscape and Lighting Special Revenue Fund	<u>283,125</u>
Total transfers to nonmajor Government Funds	<u>\$ 499,587</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

The General Fund has an advance outstanding to the Landscape and Lighting Special Revenue Fund of \$25,036 to finance the East Franklin Benefit Zone's share of the Laguna Community Park improvements. This amount is not expected to be repaid within the next year.

NOTE F-LONG-TERM LIABILITIES

The activity of the District's long-term liabilities during the year ended June 30, 2005 are as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Loan Payable	\$ 2,321,898		\$ (219,137)	\$ 2,102,761	\$ 191,899
Certificates of Participation - 1998 Series	2,255,000		(95,000)	2,160,000	100,000
Capital lease obligations	4,759,325	\$ 3,710,763	(806,715)	7,663,373	1,000,499
Compensated absences	<u>866,886</u>	<u>165,991</u>	<u>(181,604)</u>	<u>851,273</u>	<u>272,758</u>
Total long-term liabilities	\$ 10,203,109	<u>\$ 3,876,754</u>	<u>\$ (1,302,456)</u>	\$ 12,777,407	<u>\$ 1,565,156</u>
Less: amounts due within one year	<u>(1,000,221)</u>			<u>(1,565,156)</u>	
Amounts due in more than one year	<u>\$ 9,202,888</u>			<u>\$ 11,212,251</u>	

The certificates of participation and loans payable consist of the following as of June 30, 2005:

Loan Payable - Issued August 15, 2003 in the amount of \$3,010,000 for the partial funding of the acquisition and construction of the Barbara Morse Wackford Aquatic/Community Complex and a fire protection training facility. The District has pledged certain legally available revenues from the Landscape and Lighting Special Revenue Fund to secure the loan. The revenues pledged must exceed 125% of the maximum annual debt service requirements of the loan and all future indebtedness payable from the revenues pledged under the terms of the agreement. Semi-annual interest payments ranging from \$3,408 to \$50,256 and semi-annual principal payments ranging from \$94,817 to \$142,579 are due January 15 and July 15 through January 15, 2014. The interest rate is 4.56%.

\$ 2,102,761

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE F—LONG-TERM LIABILITIES (Continued)

Certificates of participation – Issued August 1998 for the acquisition and construction of two fire stations and certain real property for a fire protection training facility. Semi-annual interest payments ranging from \$750 to \$51,941 are due February 1 and August 1. Annual principal payments ranging from \$25,000 to \$180,000 are due August 1 through August 1, 2028. Interest rates range from 4.30% to 5.00%. \$2,160,000

Payments of principal and interest on the certificates of participation and loan payable are funded by assessments of residents and businesses within the Landscape and Lighting Assessment District. Shortfalls in assessment revenues are funded by General Fund revenues. There were no delinquent assessments receivable at June 30, 2005.

Certificate of participation obligation and loan payable maturities are summarized below.

Fiscal year ending June 30,	Loan Payable			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 191,899	\$ 98,246	\$ 290,145	\$ 100,000	\$ 101,733	\$ 201,733
2007	201,182	88,963	290,145	100,000	97,408	197,408
2008	210,913	79,232	290,145	110,000	92,812	202,812
2009	221,115	69,030	290,145	115,000	87,834	202,834
2010	231,811	58,334	290,145	120,000	82,335	202,335
2011 – 2015	1,045,841	115,652	1,161,493	680,000	316,615	996,615
2016 – 2020				700,000	132,118	832,118
2021 – 2025				125,000	43,125	168,125
2026 – 2029				110,000	11,500	121,500
Total debt	<u>\$ 2,102,761</u>	<u>\$ 509,457</u>	<u>\$ 2,612,218</u>	<u>\$ 2,160,000</u>	<u>\$ 965,480</u>	<u>\$ 3,125,480</u>

Effective July 1, 2000, the District entered into lease financing arrangements to finance the construction and equipping of a fire station. The lease agreements provide for 14 semi-annual payments of \$35,206 and 40 semi-annual payments of \$93,874 through July 1, 2020. Payments under both agreements include an interest component based upon a fixed rate of 5.83% per annum. The capital assets acquired under these capital leases consist of fire stations, land and equipment totaling \$2,830,745, with accumulated depreciation of \$138,238 at June 30, 2005. In July 2004, the District entered into a lease financing arrangement to finance the construction of a fire station. The lease agreement provides for 15 annual payments of \$316,629 beginning July 31, 2005 through July 31, 2019. Payments include an interest component at a fixed rate of 5.12% per annum. Construction in process related to this fire station was \$1,949,837 at June 30, 2005.

The District leased equipment and vehicles under several capital leases, which have various monthly, annual, and semiannual payments through June 15, 2011. Interest rates range from 3.07% to 11.91%. Capital assets acquired under these capital leases consist of equipment totaling \$4,299,391 with accumulated depreciation of \$1,444,989 at June 30, 2005. As of June 30, 2005, future minimum lease payments under capital lease obligations are as follows:

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE F—LONG-TERM LIABILITIES (Continued)

Fiscal Year ending June 30,

2006	\$ 1,365,429
2007	1,334,309
2008	1,005,149
2009	968,892
2010	551,464
2011 – 2015	2,535,499
2016 – 2020	2,521,882
2021	<u>93,874</u>
Total payments	10,376,498
Less amounts representing interest	<u>(2,713,125)</u>
Net present value of future minimum lease payments	<u>\$ 7,663,373</u>

NOTE G—DEFINED BENEFIT PENSION PLANS

Plan Description: The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent full and part time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times their highest average monthly salary over twelve consecutive months of employment. Benefit provisions and all other requirements are established by state statute. The establishment and amendment of specific benefit provisions of the plan is authorized by resolution of the District's Board. Copies of PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy: Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2005 was 10.173% of annual covered payroll for non-safety employees and 22.575% for safety employees. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost: For the fiscal year ending June 30, 2005, the District's annual pension cost of \$3,025,801 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for non-safety members and 4.27% to 11.59% for safety members, and (c) 3.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization of the unfunded liability at June 30, 2002, was sixteen years for non-safety and safety employees.



ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE G—DEFINED BENEFIT PENSION PLANS (Continued)

Three-Year Trend Information For PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
Non-Safety Employees:		
June 30, 2002	\$ 311,206	100%
June 30, 2003	506,273	100%
June 30, 2004	656,446	100%
Safety Employees:		
June 30, 2002	\$1,698,369	100%
June 30, 2003	1,783,060	100%
June 30, 2004	2,369,356	100%

NOTE H—POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the District provides certain healthcare benefits for retired employees through PERS, in accordance with State statutes. Substantially all of the District's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the District. Currently twenty-three employees meet those eligibility requirements. The District's contributions are financed on a pay-as-you-go basis and thus the District recognizes the cost of providing these benefits by expensing the annual insurance premiums, which amounted to approximately \$154,962 for the fiscal year ended June 30, 2005.

NOTE I—INSURANCE

The District participates in the Northern California Special Districts Insurance Authority (NCS DIA), a public entity risk pool of special districts within Northern California, for workers compensation insurance. Loss contingency reserves established by NCS DIA are funded by contributions from member agencies. The District pays an annual premium to NCS DIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCS DIA. NCS DIA retains the ability to assess its members amounts in addition to annual premiums. NCS DIA has never made an additional assessment and is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

The District also participates in the Special District Risk Management Authority (SDRMA), a joint powers agency comprised of California special districts, for general, property, automobile, and public officials errors and omissions. Loss contingency reserves established by the SDRMA are funded by contributions from member agencies. The District pays an annual contribution to the SDRMA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the SDRMA. SDRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

ELK GROVE COMMUNITY SERVICES DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE I-INSURANCE (Continued)

The District's self-insured retention level and maximum coverage under the NCSDIA and SDRMA are as follows:

	<u>Pool Coverage</u>	<u>Commercial Coverage</u>	<u>Self-Insured Retention</u>
<u>NCSDIA</u>			
Workers compensation and employers liability	\$ 250,000	\$ 149,500,000	
<u>SDRMA</u>			
Property		\$ 750,000,000	\$ 2,000
Boiler and machinery		\$ 10,000,000	\$ 5,000
Personal injury and property damage	\$ 600,000	\$ 9,400,000	\$ 500 to 1,000
Uninsured motorists bodily injury	\$ 750,000		
Public officials errors and omissions liability	\$ 600,000	\$ 9,400,000	\$ 500
Employment benefits and practices liability	\$ 600,000	\$ 9,400,000	
Employee dishonesty		\$ 400,000	\$ 25,000
Public officials personal liability		\$ 500,000	\$ 500
Trailer and automobile physical damage	Replacement Cost		

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE J-FUND BALANCE DESIGNATIONS

Designated fund balance consists of the following at June 30, 2005:

	<u>General Fund</u>	<u>Landscape and Lighting Special Revenue Fund</u>	<u>Total</u>
Emergency reserve	\$ 1,906,805		\$ 1,906,805
Facilities replacement	1,428,208		1,428,208
Equipment replacement	375,925		375,925
Power uncertainty	105,000		105,000
Administrative center – land	1,500,000		1,500,000
Barbara Morse Wackford Complex capital reserve	110,000		110,000
Administrative center building	2,707,134		2,707,134
Land - training facility debt payment	142,654		142,654
Apparatus replacement	307,781		307,781
Park capital facilities	1,999,092		1,999,092
Elk Grove Recreation Center capital improvements	43,298		43,298
Vehicle replacement	19,461		19,461
Pool capital improvements	26,607		26,607
Administrative services staff continuation	165,605		165,605
Parks and recreation staff continuation	86,908		86,908
Park equipment replacement	195,000		195,000
Fire station repairs	156,000		156,000
Station 75 principal repayment	216,111		216,111
Station 76 principal repayment	111,392		111,392
ERAF property tax shift	418,000		418,000
Dry period financing		\$ 2,397,229	2,397,229
Capital improvement		411,315	411,315
Total designated fund balances	<u>\$ 12,020,981</u>	<u>\$ 2,808,544</u>	<u>\$ 14,829,525</u>

ELK GROVE COMMUNITY SERVICES DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2005

NOTE K-COMMITMENTS AND CONTINGENCIES

The District was in the process of performing park land improvements and other projects as of June 30, 2005 as follows:

	Project <u>Appropriation</u>	Expended to <u>June 30, 2005</u>	<u>Committed</u>
Board Room Renovation	\$ 100,000	\$ 26,688	\$ 73,312
Fire Station 74 Renovation	1,706,297	1,435,300	270,997
Fire Station 72 Construction	3,059,830	2,127,323	932,507
Fire Station 77 Construction	500,000	3,780	496,220
Rau Park	2,950,348	2,938,567	11,781
Caterino Park Tot Lot	185,203	153,563	31,640
Johnson Park-Phase II	1,252,235	1,164,705	87,530
McConnell Park tennis Courts	80,000	72,948	7,052
Jungkeit Home	205,000	16,736	188,264
Ehrhardt Park	726,181	23,493	702,688
Amundson Park	1,356,610	83,139	1,273,471
Laguna Meadows #5-Willard Park	711,648	304,518	407,130
Backer Ranch Park	868,833	3,557	865,276
Wright Park	337,065	177,821	159,244
East Elk Grove Open Space Plan	25,000	9,557	15,443
Bartholomew Sports Park	2,692,000	345,524	2,346,476
Del Meyer Park	200,883	197,393	3,490
Miles Park	369,887	147,190	222,697
Morse Park	4,603,647	274,822	4,328,825
Bradford Park	350,411	7,550	342,861
Elk Grove Park	1,523,500	464,422	1,059,078
Arcadian Village Park	60,012	901	59,111
Jones Park Restroom	212,470	26,478	185,992
Rau Park Restroom	150,000	133,112	16,888
Meteor Boulder	15,000	10,750	4,250
Perez Park	25,000	296	24,704
Pinkerton Park	785,250	3,488	781,762
Laguna Boulevard/Railroad Overcrossing	450,000	3,992	446,008
Elk Grove Gas Convault	17,000	1,042	15,958
El Grove Recreation Center Restroom	<u>165,524</u>	<u>142,413</u>	<u>23,111</u>
	<u>\$ 25,684,834</u>	<u>\$ 10,301,068</u>	<u>\$ 15,383,766</u>

The District is a party to claims and lawsuits arising in the ordinary course of business. The District's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the District.

## REQUIRED SUPPLEMENTARY INFORMATION

ELK GROVE COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS OF  
PENSION PLAN (UNAUDITED)

June 30, 2005

The table below, which is from the latest available actuarial valuation, shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the funded status of the accrued liability as a percentage of the annual covered payroll for the District's contribution to PERS as of June 30:

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>(Unfunded Liability) Excess Assets</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>(Unfunded Liability) Excess Assets as Percentage of Covered Payroll</u>
Non-Safety Employees:						
June 30, 2002	\$ 4,686,833	\$ 5,400,566	\$ (713,733)	86.8%	\$ 3,421,880	(20.9)%
June 30, 2003	\$ 5,237,978	\$ 6,421,621	\$ (1,183,643)	81.6%	\$ 3,636,084	(32.6)%
June 30, 2004	\$ 6,239,887	\$ 7,666,407	\$ (1,426,520)	81.4%	\$ 4,360,605	(32.7)%
Safety Employees:						
June 30, 2002	\$ 16,734,312	\$ 19,891,643	\$ (3,157,331)	84.1%	\$ 5,658,741	(55.8)%
June 30, 2003	\$ 18,769,581	\$ 22,810,694	\$ (4,041,113)	82.3%	\$ 6,120,913	(66.0)%
June 30, 2004	\$ 21,488,982	\$ 26,426,037	\$ (4,937,055)	81.3%	\$ 6,468,601	(76.3)%

## SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS



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ELK GROVE COMMUNITY SERVICES DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2005

	Debt Service Fund	Capital Projects Fund	Foundation Special Revenue Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Interest receivable			\$ 176	\$ 176
Restricted cash and investments	\$ 176,627	\$ 3,272,518	46,875	3,496,020
<b>TOTAL ASSETS</b>	<u>\$ 176,627</u>	<u>\$ 3,272,518</u>	<u>\$ 47,051</u>	<u>\$ 3,496,196</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds		\$ 1,817,479	\$ 13,918	\$ 1,831,397
<b>TOTAL LIABILITIES</b>		<u>1,817,479</u>	<u>13,918</u>	<u>1,831,397</u>
<b>FUND BALANCES</b>				
Reserved for:				
Debt retirement	\$ 176,627			176,627
Capital projects		1,455,039		1,455,039
Foundation activities			33,133	33,133
<b>TOTAL FUND BALANCES</b>	<u>176,627</u>	<u>1,455,039</u>	<u>33,133</u>	<u>1,664,799</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 176,627</u>	<u>\$ 3,272,518</u>	<u>\$ 47,051</u>	<u>\$ 3,496,196</u>

ELK GROVE COMMUNITY SERVICES DISTRICT

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2005

	Debt Service Fund	Capital Projects Fund	Foundation Special Revenue Fund	Total Nonmajor Governmental Funds
REVENUES				
Donations and contributions			\$ 17,707	\$ 17,707
Use of money and property	\$ 1,430	\$ 12,518	595	14,543
TOTAL REVENUES	<u>1,430</u>	<u>12,518</u>	<u>18,302</u>	<u>32,250</u>
EXPENDITURES				
Recreation and culture			18	18
Capital outlay		1,817,479		1,817,479
Debt service:				
Principal	314,137			314,137
Interest	185,504			185,504
TOTAL EXPENDITURES	<u>499,641</u>	<u>1,817,479</u>	<u>18</u>	<u>2,317,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(498,211)	(1,804,961)	18,284	(2,284,888)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt		3,260,000		3,260,000
Transfers in	499,587			499,587
Transfers out			(42,507)	(42,507)
TOTAL OTHER FINANCING SOURCES (USES)	<u>499,587</u>	<u>3,260,000</u>	<u>(42,507)</u>	<u>3,717,080</u>
NET CHANGE IN FUND BALANCES	1,376	1,455,039	(24,223)	1,432,192
Fund balances at beginning of year	<u>175,251</u>		<u>57,356</u>	<u>232,607</u>
FUND BALANCES AT END OF YEAR	<u>\$ 176,627</u>	<u>\$ 1,455,039</u>	<u>\$ 33,133</u>	<u>\$ 1,664,799</u>

## GENERAL FUND

To account for resources associated with the general governmental operations which are not required to be accounted for in another fund.

ELK GROVE COMMUNITY SERVICES DISTRICT

SCHEDULE OF REVENUES  
GENERAL FUND

For the Year Ended June 30, 2005

Taxes:		
Current secured		\$ 19,576,272
Current unsecured		853,603
Supplemental property taxes		1,960,661
Prior unsecured		<u>15,289</u>
	Total taxes	22,405,825
Intergovernmental:		
Homeowner's property tax relief		394,393
Sacramento County aid		588,935
State aid - other miscellaneous programs		1,582,826
Vehicle code fines		<u>4,262</u>
	Total intergovernmental	2,570,416
Charges for current services:		
Recreation service charges		2,974,281
Ambulance service fees		2,600,697
Service fees/charges other		<u>1,350,430</u>
	Total charges for current services	6,925,408
Developer fees		<u>8,242,353</u>
	Total developer fees	8,242,353
Developer contributions		<u>38,773</u>
	Total developer contributions	38,773
Use of money and property:		
Interest income		844,517
Building rental/lease		<u>535,439</u>
	Total use of money and property	1,379,956
Miscellaneous:		
Other revenue		<u>361,292</u>
	Total miscellaneous	<u>361,292</u>
	TOTAL REVENUES	<u><u>\$ 41,924,023</u></u>

ELK GROVE COMMUNITY SERVICES DISTRICT

SCHEDULE OF EXPENDITURES  
GENERAL FUND

For the Year Ended June 30, 2005

	Departments			Totals
	Fire (Public Protection)	Park (Recreation and Culture)	Administration (General Government)	
Current expenditures:				
Salaries and employee benefits:				
Salaries and wages	\$ 8,858,027	\$ 2,682,098	\$ 1,038,102	\$ 12,578,227
Retirement - employer costs	2,369,356	315,407	161,481	2,846,244
Group insurance - employer costs	1,417,417	288,124	119,815	1,825,356
Workers' compensation insurance	356,325	15,359	7,740	379,424
Other	110,283	70,336	16,225	196,844
Total salaries and employee benefits	13,111,408	3,371,324	1,343,363	17,826,095
Services and supplies:				
Automobile services and supplies	134,540	1,221	2,502	138,263
Buildings and grounds maintenance	128,137	183,224	41,538	352,899
Business conferences	21,643	12,246	11,305	45,194
Chemical supplies		24,510		24,510
Clothing/personal supplies	189,143	12,766	67	201,976
Communication system service	265,454			265,454
Education and training	75,834	33,943	5,890	115,667
Employee transportation	1,710	2,231	409	4,350
Equipment maintenance	28,785	18,709	4,940	52,434
Equipment rents and leases	29,305	46,629	1,345	77,279
Fire equipment and maintenance	89,473			89,473
Food supplies	16,249	71,900	1,461	89,610
Fuel and lubricants	124,522	1,978	33	126,533
Insurance - liability	97,772	67,534	10,184	175,490
Intergovernmental charges		18,847		18,847
Medical services and supplies	179,052	424	134	179,610
Memberships	5,893	6,130	5,611	17,634
Miscellaneous			33,174	33,174
Office supplies	125,302	308,819	46,086	480,207
Professional services	299,845	776,296	764,692	1,840,833
Radio/electronic service and supply	25,823			25,823
Real property rents and leases		10,610		10,610
Recreational supplies		290,683		290,683
Telephone	147,279	98,725	33,682	279,686
Utilities	140,353	344,731	11,692	496,776
Total services and supplies	2,126,114	2,332,156	974,745	5,433,015
Total current expenditures	15,237,522	5,703,480	2,318,108	23,259,110
Capital outlay:				
Land	900			900
Structures and improvements	1,742,639	10,269,249	44,098	12,055,986
Equipment	747,036	343,841	86,905	1,177,782
Total capital outlay	2,490,575	10,613,090	131,003	13,234,668
Debt service:				
Principal	685,052	12,482	6,923	704,457
Interest	208,586	2,453	1,473	212,512
Total debt service	893,638	14,935	8,396	916,969
TOTAL EXPENDITURES	\$ 18,621,735	\$ 16,331,505	\$ 2,457,507	\$ 37,410,747

ELK GROVE COMMUNITY SERVICES DISTRICT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
COMPARED TO BUDGET - NON-GAAP BUDGETARY BASIS  
GENERAL FUND

For the Year Ended June 30, 2005

	Fire Department			Park Department		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
PUBLIC PROTECTION:						
Salaries and benefits	\$ 13,207,899	\$ 13,111,408	\$ 96,491			
Services and supplies	2,424,650	2,126,114	298,536			
TOTAL PUBLIC PROTECTION	15,632,549	15,237,522	395,027			
RECREATION AND CULTURE:						
Salaries and benefits				\$ 3,584,724	\$ 3,371,324	\$ 213,400
Services and supplies				2,347,388	2,332,156	15,232
TOTAL RECREATION AND CULTURE				5,932,112	5,703,480	228,632
GENERAL GOVERNMENT:						
Salaries and benefits						
Services and supplies						
TOTAL GENERAL GOVERNMENT						
CAPITAL OUTLAY:						
Land	500,000	900	499,100			
Equipment	747,124	747,036	88	298,654	343,841	(45,187)
Structures and Improvements	1,777,350	1,742,639	34,711	15,757,021	10,269,249	5,487,772
TOTAL CAPITAL OUTLAY	3,024,474	2,490,575	533,899	16,055,675	10,613,090	5,442,585
LEASES/DEBT PAYMENTS:						
Debt service	1,159,672	893,638	266,034		14,935	(14,935)
OTHER FINANCING USES:						
Transfers out	216,462	216,462		38,068	38,068	
CONTINGENCIES						
TOTAL GENERAL FUND	\$ 20,033,157	\$ 18,838,197	\$ 1,194,960	\$ 22,025,855	\$ 16,369,573	\$ 5,656,282

Administrative Services			Total		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$ 13,207,899	\$ 13,111,408	\$ 96,491
			2,424,650	2,126,114	298,536
			<u>15,632,549</u>	<u>15,237,522</u>	<u>395,027</u>
			3,584,724	3,371,324	213,400
			2,347,388	2,332,156	15,232
			<u>5,932,112</u>	<u>5,703,480</u>	<u>228,632</u>
\$ 1,343,233	\$ 1,343,363	\$ (130)	1,343,233	1,343,363	(130)
982,693	\$ 974,745	7,948	982,693	974,745	7,948
<u>2,325,926</u>	<u>2,318,108</u>	<u>7,818</u>	<u>2,325,926</u>	<u>2,318,108</u>	<u>7,818</u>
			500,000	900	499,100
49,200	86,905	(37,705)	1,094,978	1,177,782	(82,804)
120,000	44,098	75,902	17,654,371	12,055,986	5,598,385
<u>169,200</u>	<u>131,003</u>	<u>38,197</u>	<u>19,249,349</u>	<u>13,234,668</u>	<u>6,014,681</u>
	8,396	(8,396)	1,159,672	916,969	242,703
			254,530	254,530	
63,071		63,071	<u>63,071</u>		<u>63,071</u>
<u>\$ 2,558,197</u>	<u>\$ 2,457,507</u>	<u>\$ 100,690</u>	<u>\$ 44,617,209</u>	<u>\$ 37,665,277</u>	<u>\$ 6,951,932</u>



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## LANDSCAPE AND LIGHTING SPECIAL REVENUE FUND

To account for specific revenue sources related to the District Wide Landscape and Lighting Assessment District pursuant to the Landscape and Lighting Act of 1972. The activities of the Assessment District are accounted for under the following zones of benefit, which do not represent separate special revenue funds:

- Zone 1--Laguna
- Zone 2--Camden
- Zone 3--Elk Grove/West Vineyard
- Zone 4--West Laguna
- Zone 5--Lakeside
- Zone 6--Central Elk Grove
- Zone 8--Other Rural Areas
- Zone 9--Waterman/Park Village
- Zone 10--Auto Mall
- Zone 11--East Elk Grove
- Zone 12--Laguna Stonelake
- Zone 13--East Franklin
- District Wide

ELK GROVE COMMUNITY SERVICES DISTRICT

BALANCE SHEET SCHEDULES BY BENEFIT ZONE

LANDSCAPE AND LIGHTING SPECIAL REVENUE FUND

June 30, 2005

Landscape and Lighting Assessment District - Zones of Benefit						
Zone 3						
Zone 1	Zone 2	Elk Grove/ West Vinyard	Zone 4 West Laguna	Zone 5 Lakeside	Zone 6 Central Elk Grove	
Laguna	Camden					
<b>ASSETS</b>						
Cash and investments	\$ 1,076,625	\$ 80,558	\$ 339,116	\$ 372,074	\$ 256,104	\$ 229,717
Receivables:						
Interest	4,975	337	1,615	1,543	993	1,454
Intergovernmental	73,673	3,947	17,635	40,351	23,543	14,402
Other		2,475				
<b>TOTAL ASSETS</b>	<b>\$ 1,155,273</b>	<b>\$ 87,317</b>	<b>\$ 358,366</b>	<b>\$ 413,968</b>	<b>\$ 280,640</b>	<b>\$ 245,573</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenditures	\$ 1,796		\$ 1,093	\$ 131		\$ 620
Advances from other funds						
<b>TOTAL LIABILITIES</b>	<b>1,796</b>		<b>1,093</b>	<b>131</b>		<b>620</b>
<b>FUND BALANCES</b>						
Unreserved						
Designated						
Dry period financing	1,000,000	\$ 65,859	250,000	310,500	\$ 158,200	86,586
Capital improvement	39,742		26,844	34,086	24,628	11,511
Undesignated	113,735	21,458	80,429	69,251	97,812	146,856
<b>TOTAL FUND BALANCES</b>	<b>1,153,477</b>	<b>87,317</b>	<b>357,273</b>	<b>413,837</b>	<b>280,640</b>	<b>244,953</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,155,273</b>	<b>\$ 87,317</b>	<b>\$ 358,366</b>	<b>\$ 413,968</b>	<b>\$ 280,640</b>	<b>\$ 245,573</b>

Zone 8 Other Rural Areas	Zone 9 Waterman/ Park Village	Zone 10 Auto Mall	Zone 11 East Elk Grove	Zone 12 Laguna Stonelake	Zone 13 East Franklin	District Wide	Total
\$ 140,648	\$ 114,097	\$ 10,352	\$ 429,351	\$ 245,816	\$ 416,495	\$ 133,512	\$ 3,844,465
637	550	45	1,548	950	1,554		16,201
4,985	6,547	191	24,685	11,831	35,113	20,000	276,903
						5,804	8,279
<u>\$ 146,270</u>	<u>\$ 121,194</u>	<u>\$ 10,588</u>	<u>\$ 455,584</u>	<u>\$ 258,597</u>	<u>\$ 453,162</u>	<u>\$ 159,316</u>	<u>\$ 4,145,848</u>

\$ 570	\$ 5	\$ 3,468	\$ 7,683
	25,036		25,036
570	25,041	3,468	32,719

\$ 42,000	\$ 96,984	\$ 2,700	162,500	147,700	74,200		2,397,229
72,178		3,417	2,035	58,164	45,302	93,408	411,315
32,092	24,210	4,471	290,479	52,733	308,619	62,440	1,304,585
146,270	121,194	10,588	455,014	258,597	428,121	155,848	4,113,129
<u>\$ 146,270</u>	<u>\$ 121,194</u>	<u>\$ 10,588</u>	<u>\$ 455,584</u>	<u>\$ 258,597</u>	<u>\$ 453,162</u>	<u>\$ 159,316</u>	<u>\$ 4,145,848</u>

ELK GROVE COMMUNITY SERVICES DISTRICT

SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES BY BENEFIT ZONE  
LANDSCAPE AND LIGHTING SPECIAL REVENUE FUND

For the Year Ended June 30, 2005

Landscape and Lighting Assessment District - Zones of Benefit						
	Zone 1 Laguna	Zone 2 Camden	Zone 3 Elk Grove/ West Vineyard	Zone 4 West Laguna	Zone 5 Lakeside	Zone 6 Central Elk Grove
REVENUES						
Charges for current service	\$ 2,462,152	\$ 131,903	\$ 589,097	\$ 663,949	\$ 494,600	\$ 481,150
Developer fees and contributions	1,470		1,500,113	260	264,281	640
Intergovernmental				20,487		
Use of money and property	21,459	1,583	8,587	6,786	3,113	8,601
Miscellaneous	16,000			2,100		650
TOTAL REVENUES	2,501,081	133,486	2,097,797	693,582	761,994	491,041
EXPENDITURES						
Current						
Recreation and culture	1,715,429	108,470	389,664	510,648	264,133	118,232
Capital outlay	4,537	283	1,500,927	1,107	264,730	863
Debt service						
Principal						
Interest						
TOTAL EXPENDITURES	1,719,966	108,753	1,890,591	511,755	528,863	119,095
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	781,115	24,733	207,206	181,827	233,131	371,946
OTHER FINANCING SOURCES (USES)						
Issuance of long-term liabilities						
Transfers in						
Transfers out	(1,016,502)	(30,472)	(302,214)	(194,441)	(152,449)	(514,523)
TOTAL OTHER FINANCING SOURCES (USES)	(1,016,502)	(30,472)	(302,214)	(194,441)	(152,449)	(514,523)
NET CHANGE IN FUND BALANCES	(235,387)	(5,739)	(95,008)	(12,614)	80,682	(142,577)
Fund balances at beginning of year	1,388,864	93,056	452,281	426,451	199,958	387,530
FUND BALANCES AT END OF YEAR	\$ 1,153,477	\$ 87,317	\$ 357,273	\$ 413,837	\$ 280,640	\$ 244,953

Zone 8 Other Rural Areas	Zone 9 Waterman/ Park Village	Zone 10 Auto Mall	Zone 11 East Elk Grove	Zone 12 Laguna Stonelake	Zone 13 East Franklin	District Wide	Total
\$ 164,032 100	\$ 218,802	\$ 6,384	\$ 824,326 2,664,971	\$ 395,428	\$ 1,171,151 9,737,306		\$ 7,602,974 14,169,141 20,487 68,546 105,576
3,030	3,074	215	3,285	3,760	5,053 5,000	\$ 81,826	
167,162	221,876	6,599	3,492,582	399,188	10,918,510	81,826	21,966,724
16,634 100	182,883 551	68 9	351,520 2,665,530	245,187 3,557	335,680 9,737,890	1,168,651 143,065	5,407,199 14,323,149
						95,876 14,569	95,876 14,569
16,734	183,434	77	3,017,050	248,744	10,073,570	1,422,161	19,840,793
150,428	38,442	6,522	475,532	150,444	844,940	(1,340,335)	2,125,931
						193,877 1,267,458 (27,238)	193,877 1,267,458 (3,383,454)
(123,935)	(97,465)	(4,096)	(185,053)	(97,712)	(637,354)		
(123,935)	(97,465)	(4,096)	(185,053)	(97,712)	(637,354)	1,434,097	(1,922,119)
26,493	(59,023)	2,426	290,479	52,732	207,586	93,762	203,812
119,777	180,217	8,162	164,535	205,865	220,535	62,086	3,909,317
\$ 146,270	\$ 121,194	\$ 10,588	\$ 455,014	\$ 258,597	\$ 428,121	\$ 155,848	\$ 4,113,129

SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES BY BENEFIT ZONE -  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS

For the Year Ended June 30, 2005

Landscape and Lighting Assessment District - Zones of Benefit						
	Zone 1 - Laguna			Zone 2 - Camden		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for current services	\$ 2,482,443	\$ 2,462,152	\$ (20,291)	\$ 131,871	\$ 131,903	\$ 32
Intergovernmental revenue						
Use of money and property	40,000	21,459	(18,541)	2,560	1,583	(977)
Miscellaneous	17,131	16,000	(1,131)			
TOTAL REVENUES	2,539,574	2,499,611	(39,963)	134,431	133,486	(945)
EXPENDITURES						
Current						
Recreation and culture						
Salaries and benefits	333,339	316,559	16,780	30,483	29,317	1,166
Services and supplies	1,401,196	1,398,870	2,326	94,640	79,153	15,487
	1,734,535	1,715,429	19,106	125,123	108,470	16,653
Capital outlay						
Equipment	3,738	3,067	671	345	283	62
	3,738	3,067	671	345	283	62
Debt Service						
Principal						
Interest						
Contingencies	33,383		33,383			
TOTAL EXPENDITURES	1,771,656	1,718,496	53,160	125,468	108,753	16,715
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	767,918	781,115	13,197	8,963	24,733	15,770
OTHER FINANCING SOURCES (USES)						
Issuance of long-term liabilities						
Transfers in						
Transfers out	(1,099,910)	(1,016,502)	83,408	(36,160)	(30,472)	5,688
TOTAL OTHER FINANCING SOURCES (USES)	(1,099,910)	(1,016,502)	83,408	(36,160)	(30,472)	5,688
NET CHANGE IN FUND BALANCES	(331,992)	(235,387)	96,605	(27,197)	(5,739)	21,458
Fund balances at beginning of year	1,388,864	1,388,864		93,056	93,056	
FUND BALANCES AT END OF YEAR	\$ 1,056,872	\$ 1,153,477	\$ 96,605	\$ 65,859	\$ 87,317	\$ 21,458

Zone 3 - Elk Grove/West Vineyard			Zone 4 - West Laguna			Zone 5 - Lakeside		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 589,381	\$ 589,097	\$ (284)	\$ 663,730	\$ 663,949	\$ 219	\$ 494,831	\$ 494,600	\$ (231)
11,000	8,587	(2,413)	12,000	20,487	20,487	7,000	3,113	(3,887)
600,381	597,684	(2,697)	675,730	6,786	(5,214)	501,831	497,713	(4,118)
				2,100	2,100			
				693,322	17,592			
98,395	84,727	13,668	90,371	85,120	5,251	52,562	38,564	13,998
318,094	304,937	13,157	428,577	425,528	3,049	280,121	225,569	54,552
416,489	389,664	26,825	518,948	510,648	8,300	332,683	264,133	68,550
991	814	177	1,032	847	185	548	449	99
991	814	177	1,032	847	185	548	449	99
417,480	390,478	27,002	519,980	511,495	8,485	333,231	264,582	68,649
182,901	207,206	24,305	155,750	181,827	26,077	168,600	233,131	64,531
(358,338)	(302,214)	56,124	(237,612)	(194,441)	43,171	(185,731)	(152,449)	33,282
(358,338)	(302,214)	56,124	(237,612)	(194,441)	43,171	(185,731)	(152,449)	33,282
(175,437)	(95,008)	80,429	(81,862)	(12,614)	69,248	(17,131)	80,682	97,813
452,281	452,281		426,451	426,451		199,958	199,958	
\$ 276,844	\$ 357,273	\$ 80,429	\$ 344,589	\$ 413,837	\$ 69,248	\$ 182,827	\$ 280,640	\$ 97,813

Continued



SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES BY BENEFIT ZONE -  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS

For the Year Ended June 30, 2005

Landscape and Lighting Assessment District - Zones of Benefit						
	Zone 6 - Central Elk Grove			Zone 8 - Other Rural Areas		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for current services	\$ 481,218	\$ 481,150	\$ (68)	\$ 164,576	\$ 164,032	\$ (544)
Intergovernmental revenue						
Use of money and property	10,500	8,601	(1,899)	4,000	3,030	(970)
Miscellaneous		650	650			
TOTAL REVENUES	491,718	490,401	(1,317)	168,576	167,062	(1,514)
EXPENDITURES						
Current						
Recreation and culture						
Salaries and benefits	44,476	38,051	6,425	17,337	6,820	10,517
Services and supplies	107,524	80,181	27,343	9,823	9,814	9
	152,000	118,232	33,768	27,160	16,634	10,526
Capital outlay						
Equipment	272	223	49			
	272	223	49			
Debt Service						
Principal						
Interest						
Contingencies						
TOTAL EXPENDITURES	152,272	118,455	33,817	27,160	16,634	10,526
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	339,446	371,946	32,500	141,416	150,428	9,012
OTHER FINANCING SOURCES (USES)						
Issuance of long-term liabilities						
Transfers in						
Transfers out	(409,187)	(514,523)	(105,336)	(147,015)	(123,935)	23,080
TOTAL OTHER FINANCING SOURCES (USES)	(409,187)	(514,523)	(105,336)	(147,015)	(123,935)	23,080
NET CHANGE IN FUND BALANCES	(69,741)	(142,577)	(72,836)	(5,599)	26,493	32,092
Fund balances at begininng of year	387,530	387,530		119,777	119,777	
FUND BALANCES AT END OF YEAR	\$ 317,789	\$ 244,953	\$ (72,836)	\$ 114,178	\$ 146,270	\$ 32,092

Zone 9 - Waterman/Park Village			Zone 10 - Auto Mall			Zone 11 - East Elk Grove		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 218,750	\$ 218,802	\$ 52	\$ 6,382	\$ 6,384	\$ 2	\$ 824,801	\$ 824,326	\$ (475)
2,500	3,074	574		215	215	1,600	3,285	1,685
221,250	221,876	626	6,382	6,599	217	826,401	827,611	1,210
58,214	58,205	9	702		702	85,237	77,167	8,070
130,211	124,678	5,533	2,854	68	2,786	274,595	274,353	242
188,425	182,883	5,542	3,556	68	3,488	359,832	351,520	8,312
672	551	121	11	9	2	680	559	121
672	551	121	11	9	2	680	559	121
189,097	183,434	5,663	3,567	77	3,490	246,315 606,827	246,315 352,079	246,315 254,748
32,153	38,442	6,289	2,815	6,522	3,707	219,574	475,532	255,958
(115,388)	(97,465)	17,923	(4,860)	(4,096)	764	(219,574)	(185,053)	34,521
(115,388)	(97,465)	17,923	(4,860)	(4,096)	764	(219,574)	(185,053)	34,521
(83,235)	(59,023)	24,212	(2,045)	2,426	4,471		290,479	290,479
180,217	180,217		8,162	8,162		164,535	164,535	
\$ 96,982	\$ 121,194	\$ 24,212	\$ 6,117	\$ 10,588	\$ 4,471	\$ 164,535	\$ 455,014	\$ 290,479

Continued

ELK GROVE COMMUNITY SERVICES DISTRICT

SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES BY BENEFIT ZONE -  
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS

For the Year Ended June 30, 2005

Landscape and Lighting Assessment District - Zones of Benefit						
	Zone 12 - Laguna Stonelake			Zone 13 - East Franklin		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for current services	\$ 395,294	\$ 395,428	\$ 134	\$ 1,176,137	\$ 1,171,151	\$ (4,986)
Intergovernmental revenue						
Use of money and property	3,000	3,760	760	3,000	5,053	2,053
Miscellaneous					5,000	5,000
TOTAL REVENUES	398,294	399,188	894	1,179,137	1,181,204	2,067
EXPENDITURES						
Current						
Recreation and culture						
Salaries and benefits	62,018	56,741	5,277	100,665	81,473	19,192
Services and supplies	189,300	188,446	854	260,525	254,207	6,318
	251,318	245,187	6,131	361,190	335,680	25,510
Capital outlay						
Equipment	4,715	3,557	1,158	711	584	127
	4,715	3,557	1,158	711	584	127
Debt Service						
Principal						
Interest						
Contingencies	28,810		28,810	217,726		217,726
TOTAL EXPENDITURES	284,843	248,744	36,099	579,627	336,264	243,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	113,451	150,444	36,993	599,510	844,940	245,430
OTHER FINANCING SOURCES (USES)						
Issuance of long-term liabilities						
Transfers in						
Transfers out	(140,939)	(97,712)	43,227	(701,253)	(637,354)	63,899
TOTAL OTHER FINANCING SOURCES (USES)	(140,939)	(97,712)	43,227	(701,253)	(637,354)	63,899
NET CHANGE IN FUND BALANCES	(27,488)	52,732	80,220	(101,743)	207,586	309,329
Fund balances at beginning of year	205,865	205,865		220,535	220,535	
FUND BALANCES AT END OF YEAR	\$ 178,377	\$ 258,597	\$ 80,220	\$ 118,792	\$ 428,121	\$ 309,329

District Wide			Totals		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$ 7,629,414	\$ 7,602,974	\$ (26,440)
				20,487	20,487
			97,160	68,546	(28,614)
			37,131	105,576	68,445
\$ 20,000	\$ 81,826	\$ 61,826	7,763,705	7,797,583	33,878
20,000	81,826	61,826			
507,020	506,918	102	1,480,819	1,379,662	101,157
717,491	661,733	55,758	4,214,951	4,027,537	187,414
1,224,511	1,168,651	55,860	5,695,770	5,407,199	288,571
70,331	70,331		84,046	81,274	2,772
70,331	70,331		84,046	81,274	2,772
94,870	95,876	(1,006)	94,870	95,876	(1,006)
15,862	14,569	1,293	15,862	14,569	1,293
110,732	110,445	287	110,732	110,445	287
39,785		39,785	566,019		566,019
1,445,359	1,349,427	95,932	6,456,567	5,598,918	857,649
(1,425,359)	(1,267,601)	157,758	1,307,138	2,198,665	891,527
55,900	55,919	19	55,900	55,919	19
1,177,256	1,267,458	90,202	1,177,256	1,267,458	90,202
(27,488)	(27,238)	250	(3,683,455)	(3,383,454)	300,001
1,205,668	1,296,139	90,471	(2,450,299)	(2,060,077)	390,222
(219,691)	28,538	248,229	(1,143,161)	138,588	1,281,749
62,086	62,086		3,909,317	3,909,317	
\$ (157,605)	\$ 90,624	\$ 248,229	\$ 2,766,156	\$ 4,047,905	\$ 1,281,749

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## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

The capital asset accounts in the government-wide statement of net assets provides accountability for the District's capital assets. A capital asset is accounted for in this account when it has been purchased using general governmental resources and is used for general governmental purposes. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated. Depreciation is recognized on these assets over their estimated useful lives.

ELK GROVE COMMUNITY SERVICES DISTRICT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES OF CAPITAL ASSETS BY SOURCE

June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CAPITAL ASSETS:		
Land	\$ 70,053,139	\$ 56,290,101
Land improvements	19,166,994	16,555,767
Construction in progress	10,301,068	18,151,544
Structures and improvements	41,726,951	22,207,138
Equipment	<u>11,872,365</u>	<u>10,596,802</u>
TOTAL CAPITAL ASSETS	<u>\$153,120,517</u>	<u>\$ 123,801,352</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE:		
Land, structures and improvements contributed as in-lieu fees	\$ 68,930,195	\$ 54,761,057
Current operations	62,541,166	49,663,082
Long-term debt proceeds	<u>21,649,156</u>	<u>19,377,213</u>
INVESTMENT IN CAPITAL ASSETS BY SOURCE	<u>\$153,120,517</u>	<u>\$ 123,801,352</u>

ELK GROVE COMMUNITY SERVICES DISTRICT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS  
BY FUNCTION AND ACTIVITY

June 30, 2005

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvement</u>	<u>Construction in Progress</u>	<u>Structures and Improvements</u>	<u>Equipment</u>	<u>Total</u>
PUBLIC PROTECTION:						
Fire	\$ 1,609,670		\$ 3,566,402	\$ 11,426,511	\$ 9,250,121	\$ 25,852,704
RECREATION AND CULTURE:						
Recreation	544,000			3,316,429	930,066	4,790,495
Parks	<u>67,557,469</u>	<u>\$ 19,166,994</u>	<u>6,707,978</u>	<u>25,975,532</u>	<u>1,063,464</u>	<u>120,471,437</u>
	68,101,469	19,166,994	6,707,978	29,291,961	1,993,530	125,261,932
GENERAL GOVERNMENT:						
Administration	<u>342,000</u>		<u>26,688</u>	<u>1,008,479</u>	<u>628,714</u>	<u>2,005,881</u>
TOTAL CAPITAL ASSETS	<u>\$ 70,053,139</u>	<u>\$ 19,166,994</u>	<u>\$ 10,301,068</u>	<u>\$ 41,726,951</u>	<u>\$ 11,872,365</u>	<u>\$ 153,120,517</u>



ELK GROVE COMMUNITY SERVICES DISTRICT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS  
BY FUNCTION AND ACTIVITY

For the Year Ended June 30, 2005

<u>Function and Activity</u>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2005</u>
PUBLIC PROTECTION:				
Fire	\$ 21,542,892	\$ 4,309,812		\$ 25,852,704
RECREATION AND CULTURE:				
Recreation	4,149,770	665,756	\$ (25,031)	4,790,495
Parks	<u>96,202,585</u>	<u>24,268,852</u>	<u>                    </u>	<u>120,471,437</u>
	100,352,355	34,934,608	(25,031)	125,261,932
GENERAL GOVERNMENT:				
Administration	<u>1,906,105</u>	<u>130,876</u>	<u>(31,100)</u>	<u>2,005,881</u>
TOTAL CAPITAL ASSETS	<u>\$ 123,801,352</u>	<u>\$ 29,375,296</u>	<u>\$ (56,131)</u>	<u>\$ 153,120,517</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

# STATISTICAL SECTION

ELK GROVE



**CSD**

Enriching Community  
Saving Lives



**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**General Government Expenditures By Function (a)**  
 Last Ten Fiscal Years

	<u>Public Protection</u>	<u>Recreation and Culture</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total Expenditures</u>
1995-96	\$ 5,253,401	1,889,320	3,126,360	4,623,409	1,090,530	15,983,020
1996-97	6,139,949	1,903,574	3,223,062	3,958,075	1,171,906	16,396,566
1997-98	6,304,168	2,097,465	3,107,434	2,843,564	932,806	15,285,437
1998-99	6,594,834	2,247,683	3,624,357	7,318,355	1,378,170	21,163,399
1999-2000	7,872,028	2,713,282	3,827,885	7,714,150	1,326,207	23,453,552
2000-2001	8,792,808	2,960,341	3,937,084	5,211,899	2,028,992	22,931,124
2001-2002	10,618,441	3,381,540	4,568,289	8,065,010	1,026,235	27,659,515
2002-2003	11,757,522	7,606,524	1,317,431	12,164,613	1,014,662	33,860,752
2003-2004	13,042,423	9,291,877	1,735,037	34,018,291	1,750,468	59,838,096
2004-2005	15,237,522	11,110,697	2,318,108	29,375,296	1,527,055	59,568,678

(a) Includes General, Landscaping and Lighting Special Revenue and Nonmajor Governmental Funds.

Source: Audited Financial Statements for Fiscal Years 1995-96 through 2004-2005.

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**General Government Revenues By Source (a)**  
Last Ten Fiscal Years

	<u>Taxes</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>	<u>Use of Money &amp; Property</u>	<u>Developer Fees &amp; Contributions</u>	<u>Miscellaneous</u>	<u>Total Revenues</u>
1995-96	\$ 6,524,690	596,659	7,629,729	715,274		552,927	16,019,279
1996-97	6,897,290	384,900	8,562,093	928,308		139,957	16,912,548
1997-98	7,063,134	849,838	7,947,108	844,541		88,951	16,793,572
1998-99	7,998,893	4,108,785	8,544,371	1,043,505		163,975	21,859,529
1999-2000	9,120,800	1,144,381	12,233,535	1,193,032		439,340	24,131,088
2000-2001	10,754,197	1,418,454	12,126,802	1,555,029		201,562	26,056,044
2001-2002	12,653,260	1,034,044	14,972,110	1,154,779		332,113	30,146,306
2002-2003	14,728,984	589,411	10,835,173	983,537	13,696,769	224,307	41,058,181
2003-2004	17,925,087	2,052,106	13,122,080	875,618	27,331,365	496,944	61,803,200
2004-2005	22,405,825	2,590,903	14,528,382	1,463,045	22,411,494	523,348	63,922,997

(a) Includes General, Landscaping and Lighting Special Revenue and Nonmajor Governmental Funds.

Source: Audited Financial Statements for Fiscal Years 1995-96 through 2004-2005.

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Assessed Value of Taxable Property and Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Assessed Valuation (a)	Secured Tax Levies (b)	Current Secured Levy Delinquent at June 30		Total Collections	
			\$	%	June 30 \$ (c)	% Current Levy
1995-96	\$ 3,358,440,907	\$ 6,582,544	\$ 145,111	2.20%	\$ 6,524,690	99.12%
1996-97	3,606,282,719	7,068,314	132,518	1.87%	6,897,290	97.58%
1997-98	3,741,322,027	7,332,991	182,330	2.49%	7,063,134	96.32%
1998-99	4,078,403,211	7,993,670	128,707	1.61%	7,998,893	100.07%
1999-2000	4,468,217,684	8,757,707	167,488	1.91%	9,120,800	104.15%
2000-2001	5,431,164,286	10,645,082	169,195	1.59%	10,754,197	101.03%
2001-2002	6,049,013,482	11,856,066	363,828	3.07%	12,653,260	106.72%
2002-2003	6,955,506,548	13,632,793	374,672	2.75%	14,728,984	108.04%
2003-2004	8,241,173,172	16,152,699	324,080	2.01%	17,925,087	110.97%
2004-2005	10,107,332,242	19,810,371	345,190	1.74%	22,405,825	113.10%

(a) Includes secured, unsecured, utility roll and State-reimbursed exemptions.

(b) Excludes debt service levies.

(c) Includes prior years' redemption, penalties and interest.

Source: Sacramento County Department of Finance and District's Audited Financial Statements.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## COUNTY OF SACRAMENTO Average County Property Tax Rates All Direct and Overlapping Governments (Per \$100 of Assessed Value) Last Ten Fiscal Years

Fiscal Year	Total 1% Countywide Rate (a)			Countywide Average Bond Rate (b)	Total Countywide Average Tax Rate
	General Fund	Other Agencies	Schools		
1995-96	0.1816	0.3077	0.5107	0.1473	1.1473
1996-97	0.1821	0.3067	0.5112	0.1090	1.1090
1997-98	0.1777	0.3132	0.5091	0.1576	1.1576
1998-99	0.1784	0.3157	0.5059	0.1075	1.1075
1999-2000	0.1783	0.3119	0.5099	0.0900	1.0901
2000-2001	0.1780	0.3185	0.5035	0.0958	1.0958
2001-2002	0.1764	0.3242	0.4994	0.0820	1.0820
2002-2003	0.1758	0.3229	0.5013	0.0623	1.0623
2003-2004	0.1679	0.3321	0.5000	0.0708	1.0708
2004-2005	0.1528	0.3228	0.5244	0.0971	1.0971

(a) In June 1978 California voters approved Proposition 13, which restricted property taxes to a County-wide rate of 1% per \$100 of assessed valuation plus voter approved indebtedness. The County-wide general property tax rate of 1% is proportionally distributed to all taxing entities.

(b) The average bond rate is the average of the County bond rate and the highest bond rate plus the Regional Sanitation bond rate.

Source: County of Sacramento, California, Department of Finance.

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Special Assessment Billings and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Special Assessment Billings	Special Assessment Collections	Assessments Delinquent at June 30	
			\$	%
1995-96	\$ 3,335,745	\$ 3,451,113	\$ 71,738	2.15%
1996-97	3,430,497	3,510,393	116,160	3.39%
1997-98	3,571,469	3,464,321	104,406	2.92%
1998-99	3,968,338	4,007,458	65,393	1.65%
1999-2000	4,462,716	4,461,355	78,323	1.76%
2000-2001	4,664,270	4,656,859	64,015	1.37%
2001-2002	5,126,820	5,114,353	103,474	2.02%
2002-2003	5,616,355	5,624,222	96,850	1.72%
2003-2004	7,019,901	7,063,024	160,822	2.29%
2004-2005	7,607,916	7,602,389	68,212	0.90%

Source: Audited Financial Statements for Fiscal Years 1995-96 through 2004-2005.



**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Computation of Legal Debt Margin**  
**June 30, 2005**  
**(amounts expressed in thousands)**

Assessed valuation	\$ <u>10,107,332</u>
Debt limit - 1.25% of assessed value	\$ 126,342
Amount of debt applicable to debt limit: General obligation bonds	<u>0</u>
Legal debt margin	\$ <u>126,342</u>

Note: Article XIII A of the California State Constitution and Senate Bill 1656, Statutes of 1978, provided for changing assessed value from 25% of full cash value to full cash value. Hence, the 5% limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code became 1.25% of assessed value.

Source: Elk Grove Community Services District's internal documents and financial statements.

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Direct and Overlapping Bonded Debt**  
**June 30, 2005**

<u>Name of Government</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>District's Share of Debt</u>
California Special Districts Lease Finance Program - 1998 Series II Certificates of Participation	100%	2,160,000
Municipal Services Group - Note Agreement	100%	<u>2,102,761</u>
		<u>\$ 4,262,761</u> (1)

(1) Excludes non-bonded promissory notes and capital lease obligations.

Source: Elk Grove Community Services District

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Demographic Statistics**

	1998	2000	2005	2010
<u>Benefit Zones</u>				
Zone 1 - Laguna Community	27,942	28,576	30,164	31,117
Zone 2 - Camden	1,542	1,542	1,542	1,542
Zone 3 - Elk Grove/West Vineyard	7,935	10,535	17,035	23,400
Zone 4 - Laguna West	3,063	3,978	5,351	7,639
Zone 5 - Lakeside	2,761	3,307	4,672	6,037
Zone 6 - Central Elk Grove	14,976	14,976	14,989	15,002
Zone 7, 8 & 10 - Other Rural	3,487	3,559	3,741	3,929
Zone 9 - Waterman/Park Village	2,873	2,873	2,873	2,876
Zone 11 - East Elk Grove	0	1,001	4,573	8,182
Zone 12 - Laguna Stonelake	0	0	3,970	5,954
Zone 13 - East Franklin	0	2,981	23,754	24,075
Zone 14 - Laguna Ridge	0	4,854	18,928	33,280
<b>TOTALS</b>	<b>64,579</b>	<b>78,182</b>	<b>131,592</b>	<b>163,033</b>

Source: District Master Plan.

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Sacramento County Property Values, Residential Construction and Bank Deposits**  
**Last Ten Calendar Years**  
(amounts expressed in thousands)

Calendar Year	Property Value (Building Permit Valuations)			Residential Construction			Bank Deposits
	Residential	Non-Residential	Total	Single Family	Multi Family	Total	
1995	\$ 586,496	386,576	973,072	3,539	328	3,867	\$ 6,949,350
1996	595,801	403,782	999,583	3,594	281	3,875	6,602,506
1997	600,913	686,665	1,287,578	3,610	366	3,976	9,498,879
1998	1,021,230	800,309	1,821,539	5,110	2,610	7,720	10,135,152
1999	1,158,833	948,189	2,107,022	5,523	4,900	10,423	10,491,810
2000	1,449,414	1,183,303	2,632,717	7,054	3,362	10,416	11,108,700
2001	1,835,507	547,986	2,383,493	8,616	973	9,589	12,361,000
2002	2,317,674	466,514	2,784,188	10,519	2,609	13,128	13,399,000
2003	2,357,495	506,642	2,864,137	10,006	2,328	12,334	14,719,000
2004	2,382,098	522,248	2,904,346	9,365	754	10,119	16,689,000 (a)

Sources: Sacramento County Assessor's Office.  
Bank deposit information was obtained from the California State Banking Department.

(a) As of June 30, 2004.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## Principal Taxpayers

June 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Value</u>
Donahue Schriber Realty Group	Shopping Center	\$ 82,339,581	0.81%
ACI Real Properties	Computer Manufacturer	67,761,017	0.67%
Pappas Laguna 2 LP	Land Developer	42,675,693	0.42%
Kohala Investors LLC	Apartment Complex	33,252,000	0.33%
Willamette Industries, Inc.	Industrial Food Processor	26,416,578	0.26%
DS Marketplace 99 LLC	Shopping Center	26,339,864	0.26%
Citrus Grove Apartments	Apartment Complex	24,351,653	0.24%
Elk Grove Town Center LP	Shopping Center	21,420,000	0.21%
Aspen Laguna Apartments	Apartment Complex	20,971,801	0.21%
Polyclad Laminates	Laminate Manufacturer	<u>18,028,560</u>	<u>0.18%</u>
		<u>\$ 363,556,747</u>	<u>3.59%</u>

Source: Sacramento County Assessor.

# ELK GROVE COMMUNITY SERVICES DISTRICT

## Ten Largest Employers

June 30, 2005

<u>Name of Employer</u>	<u>Number of Employees</u>
Elk Grove Unified School District	2,207
Apple Computer	1,000
AAA Call Center	690
Wal Mart	400
Bel Air/Raleys Supermarkets	381
Alldata	349
Home Depot	250
Decorative Specialities	202
Elk Grove Community Services District	192
Elk Grove Ford/Chrysler	179

Source: Elk Grove Community Services District and Elk Grove Chamber of Commerce

# **ELK GROVE COMMUNITY SERVICES DISTRICT**

## **Miscellaneous Statistical Data**

**June 30, 2005**

Form of Government: Community Services District, Governed by a five member Board of Directors

Date of Incorporation: July 1, 1985

### **Geographical Data**

The Elk Grove Community Services District, which comprises approximately 106 square miles, is located in Sacramento County approximately 15 miles south of the City of Sacramento. The District is served by Interstate 5 and Highway 99, the major freeway links for the Central Valley.

### **Miscellaneous Statistical Data**

Number of Households	40,932
Number of Registered Voters	61,067
District Full-Time Employees	192

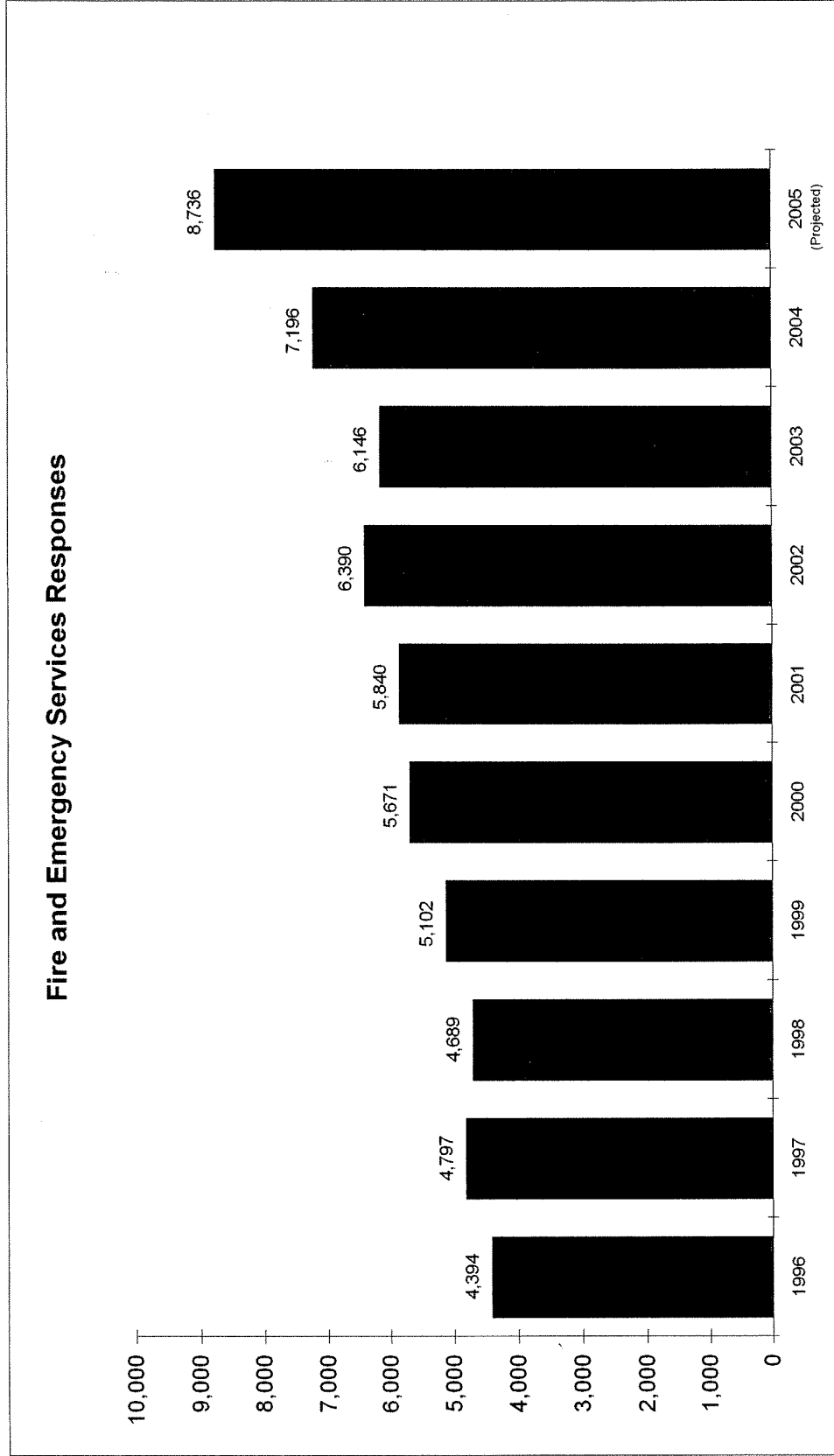
#### **Fire Protection:**

Fire Stations	6
Fire Training Facility	1
Fire Engines	11
Other Fire Vehicles	45
ISO Fire Rating Class	3

#### **Leisure Services:**

Parks	86 (19 undeveloped)
Park Acreage	694
Community Centers	2
Swimming Pools	4
Skate Board Park	1
Tennis Courts	26

**ELK GROVE COMMUNITY SERVICES DISTRICT**  
**Fire Department Response Summary and Future Projections**  
 Calendar Years 1996 through 2004 (Actual) and 2005 (Projected)



Calendar Year										(Projected)
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
4,394	4,797	4,689	5,102	5,671	5,840	6,390	6,146	7,196	8,736	

Number of Fire Responses



**ELK GROVE COMMUNITY SERVICES DISTRICT  
SCHEDULE OF INSURANCE COVERAGE**

June 30, 2005

The Elk Grove Community Services District maintains the following insurance coverage:

Property:

Buildings and contents		Stated value	guaranteed replacement cost
	\$	2,000	deductible
Flood	\$	10,000,000/ 750,000,000	combined bldg and contents per location
	\$	2,000	deductible
Commandeered Property		10,000,000	replacement cost
Software		10,000,000	replacement cost
Business Interruption		100,000,000	Actual loss incurred
Money & Securities	\$	500,000	each occurrence
Accounts Receivable		10,000,000	Actual loss incurred
Valuable Papers		10,000,000	Actual loss incurred
Property of Others		10,000,000	replacement cost
Employee Property		10,000,000	guaranteed replacement cost
Watercraft	\$	1,000,000	guaranteed replacement cost
Portable Equipment		10,000,000	scheduled values
Non-owned Equipment		10,000,000	guaranteed replacement cost
Boiler & Machinery	\$	10,000,000	replacement cost
	\$	1,000	deductible
<u>Crime:</u>			
Employee Dishonesty	\$	400,000	each occurrence
<u>Public Officials Personal Liability:</u>			
	\$	500,000	each occurrence/annual aggregate for each elected official
	\$	500	deductible
Form of Coverage			Occurrence

Automobile:

Bodily Injury & Property Damage	\$	10,000,000	each occurrence
	\$	1,000	deductible for property damage
Medical Payments			included in policy limit
Uninsured Motorist	\$	750,000	each occurrence
Non-owned and Hired Vehicles			included in policy limit
Comp/Collision		\$500/\$1,000	deductible
Physical Damage Valuation			Lessor of RC or Agreed Value for apparatus/cash value for cars/trucks

General Liability:

General Aggregate Limit	\$	10,000,000	per occurrence
Excess Liability Limit	\$	10,000,000	per occurrence
			no annual limit
Bodily Injury & Property Damage	\$	10,000,000	per occurrence
	\$	500	deductible for property damage
Personal Injury/Advertising	\$	10,000,000	per occurrence
Park and Landscape Corridors	\$	10,000,000	included in annual limit

Temporary Liquor Liability

	\$	10,000,000	per occurrence
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Pollution Clean-Up

	\$	10,000,000	included in annual Gen Liab limit
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ELK GROVE



PARKS



RECREATION



FIRE

**CSID**

Enriching Community  
Saving Lives